Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din 0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr.42	Japan	Y550	Singapore	S$ 4.10
Canada	C$1.00	Jordan	Fils 500	Spain	Pta 110
Cyprus	C£0.60	Kuwait	Fils.500	Sri Lanka	Rup 30
Denmark	Dkr 7.25	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr.42	Switzerland	SFr 2.20
Finland	Fmk 6.00	Malaysia	Rm 4.25	Taiwan	NT $65
France	FFr. 6.00	Mexico	Pes. 300	Tunisia	Din 0.600
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00	U.S.A.	$1.00
India	Rup. 15	Philippines	Pes. 20		

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,682 — Tuesday July 23 1985 — D 8523 B

U.S. economy: Fed walks a new tightrope, Page 15

World news

Artillery shells halt dam search

The discovery of five unexploded second world war artillery shells halted the search for victims of the Tesero dam disaster, but a bomb disposal expert discounted any possibility that a bomb explosion *caused Friday's disaster*.

As rescue teams searched for 23 people still listed as missing, workmen excavated a trench behind the hillside chapel of San Leonardo for a mass burial of the village victims.

Public prosecutor Francesco Simeoni's office in Trento, the *regional capital, is believed to have* sent out between 20 and 30 legal warnings of possible prosecution.

Ambassador killed

Spain's Ambassador to Zimbabwe, Jose Luis Blanco Briones, was found dead on the outskirts of Harare. Zimbabwe's Government said circumstances of the killing were unclear, but pledged to bring the killers to justice.

Athens warning lifted

The U.S. State Department cancelled its warning against travel through Athens airport after a government team inspected the airport *last week and said it met international* security requirements.

N-weapons urged

India's main right-wing opposition group urged Prime Minister Rajiv Gandhi to develop nuclear weapons to counter what it described as a real threat from neighbouring Pakistan.

Bombers 'known'

New Zealand police and intelligence agencies claim to know who sunk the Greenpeace ship, Rainbow Warrior. *A detective said police* were "very close" to being able to charge suspects.

Minister may resign

Sudan Finance Minister Aouad Abdul-Maguid offered to resign, citing policy differences with Prime Minister al-Gazouli Dafaa-Allah and the powerful trades union alliance, state-owned newspapers said.

Defence chiefs meet

British Defence Secretary Michael Heseltine met U.S. Defence Secretary Caspar Weinberger to discuss joint research on the star wars programme.

Unemployment falls

The number of jobless in the EEC fell to 12.1m in June, a drop of 216,000 compared with May, but a 328,000 increase over June 1984. **Real incomes fall, Page 2**

Shipowner dies

Turkish shipowner Nuri Corrahoglu, two of whose tankers were severely damaged in the Gulf last week, died of a heart attack in Tehran, where he was discussing salvage costs.

Six held over blast

Copenhagen police are questioning *six people* in connection with three bomb blasts that damaged an American airline office and the city synagogue, injuring 27. A fourth *bomb found at the Nyhaven canal*, a favourite tourist haunt, was defused. **Earlier story Page 2**

Israelis sentenced

Three Jewish *settlers from the* occupied West Bank received life sentences from an Israeli court for attacks on Palestinians.

Indian violence

Eleven people were killed and 30 injured in Ahmedabad, largest city in the Indian state of Gujarat, hours before a planned strike.

Man-of-war found

Amateur scuba divers discovered a 17th century man-of-war with a rare bronze cannon off Texel, a north Dutch island.

Business summary

British gas find NW of Shetland

CHEVRON, U.S. oil company, found a gas field 50 miles north-west of Shetland, off the north coast of Scotland, which could increase UK gas reserves by up to 20 per cent. **Page 16**

WALL STREET: The Dow Jones industrial average closed 1.90 down at 1,357.64. **Page 36**

HONG KONG prices rose to their highest levels in nearly four years after two interest rate cuts. The Hang Seng index closed 10.98 up at 1,689.85. **Page 36**

TOKYO was driven lower by lack of incentives. The Nikkei-Dow market average fell 26 to 12,771.66. **Page 36**

LONDON stocks and bonds turned down as uncertainty over interest rates and oil prices rose. The FT Ordinary share index dropped 10.1 to 925.3. **Page 36**

DOLLAR was firm in London, rising to DM 2.898 (DM 2.8865), FFr 8.7975 (FFr 8.77), SwFr 2.3785 (SwFr 2.3775) *and Y240.05 (Y238.6). On* Bank of England figures the dollar's index rose to 139.0 from 138.5. **Page 29**

STERLING was generally weaker in London, losing a cent against the dollar to $1.389. It also fell to DM 4.025 (DM 4.04), FFr 12.2075 (FFr 12.275) and SwFr 3.3 (SwFr 3.32) but was unchanged at Y333.5. **Page 29**

GOLD *fell* $0.50 in the London bullion market to $318.25. It was also lower in Zurich at $317.45. **Page 28**

SOUTH AFRICAN gold, diamond and platinum mines shares fell on *the London and Johannesburg* stock markets after the Pretoria Government's state of emergency declaration.

JAMAICA won agreement from *bank and Paris Club creditors to* reschedule $455m of its $3.1bn foreign debt. **Page 4**

BUNDESBANK reduced interest rate on three-day Treasury bills from 4.8 per cent to 4.5 per cent. West German central bank last cut the rate at which banks may invest excess liquidity for very short terms on June 20.

UNION *BANK* **of Switzerland**, the country's biggest bank, is on target for record profits this year after a strong second quarter. **Page 17**

EUROBOND market was depressed after last week's sharp falls, with the Ecu market remaining confused by the devaluation of the lira. **Page 17**

WARNER COMMUNICATIONS, the U.S. film and entertainment group, continued its recovery into *the second quarter, with net profits* of $28.56m, or 41 cents a share in the quarter, compared with a $27.2m loss on continuing operations a year ago.

CROWN ZELLERBACH, *U.S. forest* products group, and Sir James Goldsmith, who has taken his stake in it above 50 per cent, agreed to suspend hostilities and hold talks. **Page 17**

ARMCO, diversified U.S. steel maker, achieved its first quarterly profit since mid-1982 with a *$16.5m* surplus for the second quarter against a $14.1m loss in the corresponding period last year. **Page 17**

UNION CARBIDE, U.S. chemical group at the centre of the Bhopal toxic gas disaster, suffered a 20 per cent fall in second quarter profits to $101m, despite profit margins at their highest for nine years.

ELI LILLY, *U.S. manufacturer of* banned anti-arthritis drug Opren, is to be sued by about 1,000 UK claimants alleging damage from the drug's side-effects.

AMOCO, U.S. *oil group, increased* second-quarter profits from $524m to $600m; Mobil earnings rose from $366m to *$411m* and ***Occidental Petroleum*** stepped up income from continuing operations by 10.2 per cent to $210.6m. **Page 17**

MONSANTO, U.S. chemical group which has agreed to buy drugs manufacturer G. D. Searle, suffered a 14.5 per cent decline in second-quarter earnings to $124m. **Page 17**

Opec defers decisions on production and quotas

BY RICHARD JOHNS IN GENEVA

THE ORGANISATION of Petroleum Exporting Countries yesterday deferred until the autumn formal discussion and any decision on *members' overall production* level and their individual quotas.

These contentious issues were *struck from the agenda at the initiative* of Saudi Arabia the agreement of 11 members, with Algeria and Ecuador abstaining. This was despite the fact that the claims of both Iraq and Ecuador to higher quotas had been specifically mentioned in the agenda.

In the run up to the meeting, Saudi Arabia had appeared determined to press its own claims for a guaranteed production quota. Its readiness to postpone the issue is a measure of Saudi concern to avoid the collapse of Opec by boosting its output while it still feels there is a chance of securing agreement.

Crucial discussions today will centre on the question of price differentials with Saudi Arabia, *backed by Kuwait and Venezuela*, determined to alter the present arrangements agreed in Geneva six months ago, so as to benefit sales of heavier crude varieties.

Tough opposition is expected from Algeria and Iran, and Libya has indicated that it would not rule *out* a reduction in rates for lighter crudes. Revision of differentials, together with stricter observance of *official selling rates, could help* revive demand for Saudi Arabian oil. The kingdom's output is currently running at 2.2m to 2.3m barrels a day (b/d), Sheikh Ahmed Zaki Yamani, Saudi Minister of Oil, said before the conference began yesterday.

That compares with a maximum *entitlement of 4.35m b/d under* Opec's present sharing arrangement beneath a ceiling of 16m b/d. Dr Subroto, chief Indonesian delegate and current chairman of Opec, yesterday put the level of collective output "in the region of 14.5m b/d" but some authoritative estimates calculate it running at less than 14m b/d.

Added urgency to the discussion *on price differentials will be given* by the almost certain prospect of Venezuela cutting its prices in line with the reductions announced by *Mexico* nearly two weeks ago *if* no satisfactory solution to its problems is obtained. Venezuelan production is understood now to be down to 1.4m b/d compared with a goal of *1.55m* b/d.

Sheikh Yamani said that the conference was confronted by two major *issues – production discipline* and price differentials.

"We have already started discussions and I am hopeful of agreement," he said, referring to the meeting on Sunday night of Opec's ministerial committee on price differentials chaired by him. Reaching agreement "*will take some time*," Sheikh Yamani added.

Iraq evidently is willing to leave its claim for a higher quota for the time being *but it has left* no doubt that it will increase its output above its allocation of 1.2m b/d as soon as it can. This will be possible in September with the coming on stream of a *pipeline* connection to Saudi Arabia's transpeninsular system connecting with Yanbu on the Red *Sea*.

Reuter adds: Prices on the European "spot" or free market were steady, although business was minimal as traders kept a close eye on developments at the vital ministerial meeting in Geneva.

Spot prices, Page 28

EEC demands end to South African state of emergency

BY QUENTIN PEEL IN BRUSSELS AND ROBERT MAUTHNER IN LONDON

THE EUROPEAN Community yesterday led the Western world's hostile reaction to South African Government policies with a direct call for an end to the state of emergency and the release of all those arrested since it was declared.

At the same time, Community foreign ministers announced in Brussels that an urgent reassessment was under way of the EEC's code of conduct for European companies operating in South Africa so as to strengthen and adapt it to the present situation.

In Washington, *President Ronald* Reagan's spokesman, Mr Larry Speakes unambiguously condemned the system of apartheid, describing it as "repugnant and largely responsible for the current violence."

"The period of violence must be ended and put behind all South Africans so that South Africa can proceed into a meaningful political dialogue which would lead to basic reforms moving away from apartheid," he said. "We look to the South African Government to exercise its responsibilities in a scrupulous manner."

The *EEC's particularly* sharp response to the latest events in South Africa deplored all acts of violence which, they said, "affects the black population in particular" in South Africa.

Ministers called for the immediate and unconditional release of Mr Nelson Mandela, former leader of the banned African National Congress, an end to detention without trial, abandonment of forced removals of people and abandonment of the pass laws and group areas act.

They said the code of conduct *needed to be adapted and strengthened* urgently "to allow it to contribute more effectively to the abolition of the system of racial segregation in force in South Africa."

They said the code, which sets down fair employment practices, wage levels and union recognition for EEC companies operating in South Africa had already proved "a useful instrument for the emancipation of black workers in South Africa."

The ministers stopped short, however, of adopting a Dutch suggestion that the code be made compulsory and not voluntary for EEC investors.

In their general *statement*, the ministers urged the South African Government rapidly to open a dialogue *with the "genuine representatives"* of the non-white community, "with the declared aim ... of giving proper representation to the black community at the national level."

In London, the Foreign Office said the unrest in South Africa was being followed with "great concern"

Continued on Page 16

Editorial comment, Page 14

Botha rejects call for debate

By Anthony Robinson in Johannesburg

MR P. W. BOTHA, the South African President, last night rejected a *call from opposition leaders to* reconvene parliament to debate the state of emergency as arrests and detentions continued and the commissioner of police called on the domestic and foreign press to "cool down" their reporting of unrest.

Rejecting the call for a debate *from Dr Frederick Van Zyl* Slabbert, leader of the white opposition Progressive Federal Party (PFP), President Botha said that action to bring the unrest under control was needed, not a debate.

Quoting from his speech on June 19 at the close of the parliamentary session *he said: "It is and remains* the responsibility of the Government to ensure the safety of its people. My Government will not shirk this responsibility."

The police announced three more deaths and 26 arrests yesterday, although some of these incidents were in *areas outside the 36* magisterial districts covered by the state of emergency declared on Saturday night.

Meanwhile, in the Zambian capital Lusaka Mr Alfred Nzo, Secretary General of the banned African National Congress (ANC) issued a statement claiming that the state of *emergency* "constitutes an open admission by the Pretoria regime that it is losing control and can no longer rule in the *old* way."

The statement added that "the struggle to make apartheid unworkable and South Africa ungovernable will intensify exactly because martial law makes apartheid rule that much more intolerable."

In Pretoria General Johan Coetzee, the Commissioner of Police and

Continued on Page 16

Olivetti's Acorn stake near 80% after new bailout

BY JASON CRISP IN LONDON

ACORN COMPUTERS, the deeply troubled home and educational computer company, has been bailed out by its main creditors and Olivetti, its largest shareholder.

After four weeks of intense negotiations a refinancing package was finally settled yesterday worth a total *of £18.3m* ($25.4m) for Acorn and gives it an increase in bank facilities of £8m. The agreement is the second rescue in *less* than six months for the once high-flying group which makes the BBC Micro.

Acorn now becomes a subsidiary of Olivetti, the Italian office products group which is paying £4m to increase its stake from 49.3 per cent to 79.8 per cent. However, Acorn's six main creditors and the BBC are having to write off almost £10m owed by the troubled group as part of the rescue.

The negotiations are believed to *have been particularly tough*, with Olivetti – which rescued the company earlier this year – threatening to let it go into receivership. *Mr Henry* Kroch, chairman of A. B. Electronics, Acorn's largest creditor, said last night: "We believe the deal we have is as good as we could get in the circumstances."

Acorn, which made pre-tax profits of £10.3m on sales of £93.1m in the year to the end of *June 1984*, ran into a severe cash flow crisis at the beginning of the year. As part of a rescue package Olivetti paid £10.3m for a 49.3 per cent stake and four main creditors agreed to deferred payments.

In spite of making a number of cuts *the* company ran *into further* difficulties because of a sharp downturn in the British home computer market.

Acorn said yesterday sales in the *first three months this year were* running at 60 per cent of the same period the previous year, which was in line with its budget.

However, the company said trading had deteriorated significantly since then and it would be necessary to make further substantial provisions against stock and debtors in its accounts for the year to June 30 1985. At the time of the February crisis Acorn made write-downs of £7m on stocks and cancelled orders.

Under the new re-financing package the six main creditors will be paid half the £24.6m due to them for delivered goods and future delivery commitments. They will receive £8.4m when the refinancing *is* completed and £3.9m over the next 12 months. They will write off £7.9m and receive £4.4m in unsecured loan stock – which one creditor said was acceptable as Acorn was now a subsidiary of Olivetti.

The BBC has agreed to write off *half the £4m owed it in royalties.* Acorn's early success was almost entirely due to the BBC Micro, which was linked to two television series run by the corporation.

Barclays Bank has also agreed to increase Acorn's facilities to £16m from the £8m currently available, *subject to certain guarantees from* Olivetti. The total package is worth £18.3m to Acorn comprising £4m new money from Olivetti, £7.9m write-off of creditors, £4.4m converting creditors to loan stock, and £2m write-off by the BBC.

Acorn confirmed the appointment *of Mr Brian Long as chief* executive who takes over from the acting managing director Mr Alex Uboldi, a senior Olivetti executive.

Lex, Page 16; Details, Page 20

Lira rises against $ as Rome plans new measures

By Alan Friedman in Milan and Our Foreign Staff

THE LIRA recovered *lost ground* against the dollar yesterday but fell to a new low against the D-Mark in the wake of last Friday's currency crisis and the effective 8 per cent devaluation of the Italian currency within the European Monetary System (EMS) at the weekend.

Italy's five-party ruling coalition, meanwhile, is to meet today to discuss fresh economic measures designed to cut public spending, according to an aide to Sig Bettino Craxi, the Prime Minister. The measures are to be announced tomorrow.

Bankers and economists in Italy, however, were pouring scorn yesterday on the Government's economic package announced at the weekend which was designed to reduce the 1985 public sector deficit by L6,266bn ($3.3bn).

A senior foreign banker described the effect of these measures, which will leave Italy with a 1985 public spending requirement of more than L100,000bn ($52bn) as "peanuts."

In Milan, the chairman of one of Italy's biggest banks dismissed the measures as "zero, nothing at all." Dr Mario Monti, chief economist at Banca Commerciale Italiana and one of Italy's leading economic authorities, described the *Government's* package as "very poor, very tiny."

The dollar was quoted at L1,918 at the Milan fixing yesterday *against the L2,200 it reached on Friday* before the Italian Treasury closed the market. Yesterday's fixing was some 4.3 per cent weaker than the L1,839 rate which preceded the Friday crisis.

In London, the dollar closing rate was L1,944, against L1,854 on Thursday. By early afternoon in New York, the dollar was trading at L1,942 against the Italian currency.

The lira was fixed in Milan yesterday at L668.70 to the D-Mark. The West German currency closed at L670.8 in London, against L646 on Thursday. Yesterday's fall in the *Italian currency followed a drop to* L664.70 in Milan on Friday, which was its lowest limit within the EMS before the devaluation at the weekend.

Several senior bankers argued yesterday that the Rome Government must now act to put brakes on *domestic demand*, which has been sucking in imports and which has caused a record Italian trade deficit – L14,554bn in the first five months

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Denmark, Greece and UK lift opposition to treaty conference

BY QUENTIN PEEL IN BRUSSELS

BRITAIN, Denmark and Greece yesterday dropped their outright opposition to a conference to amend the Treaty of Rome, the *founding* treaty of the EEC, intended to speed up progress towards European union.

They allowed foreign ministers of *the Ten to approve plans for a conference* opening in Luxembourg on September 9, *without precipitating* the same *divisive* vote which left their heads of Government in disarray at last month's Milan summit.

While all three made clear their continuing lack of enthusiasm for *such a formalised reform process*, Sir Geoffrey Howe, the British Foreign Secretary, promised that the UK contribution would be "significant and positive."

However, British hopes of immediate agreement on a package of measures to speed decision making without changes in the treaty were dashed again, when the ministers decided to refer the plans to their national *officials* in Brussels.

The ministers agreed that they would themselves be the principal national representatives at the conference and plan to reach agreement on necessary reforms before the next EEC summit in Luxembourg in December. Spain and Portugal will attend in advance of full Community membership next January.

The main working level of the *conference will be split into two* parts, separating the aim to step up political co-ordination of foreign policy from the essentially economic issues involved in Treaty amendments.

The drafting of a separate treaty to formalise foreign policy co-operation will be done by the political directors from national foreign ministries, with a deadline of October 15. There *is* already a broad measure of agreement between British and Franco-German drafts submitted in Milan, although the questions of defence and security remain controversial.

The most difficult area – how to amend the Rome treaty to speed up *decision-making, increase* the competence of the European Commission and the powers of the European Parliament – will be left to *senior officials. The ministers did* not decide yesterday who these would be, although one proposal is for the work to be done by the national representatives in Brussels.

The possibility of reaching unanimity on changes to the treaty, required by the treaty itself, remains extremely remote. Denmark, in particular, is still opposed to any *changes which might further dilute* national sovereignty.

The Danish Government has argued that any such amendments would simply be rejected by the *Danish Parliament (Folketing) and* would have to be submitted to an equally hostile national referendum.

Both Britain and Greece appeared yesterday, *however*, to be softening their positions.

Sir Geoffrey Howe went out of his way to sound a positive note, arguing that the split in Milan had been more apparent than real.

Brussels warns on wine, Page 2; EEC-U.S. steel talks, Page 16

CONTENTS

Trade unions fail to increase members' standards of living

BY JOHN LLOYD, INDUSTRIAL EDITOR, IN LONDON

EUROPEAN trade unions have failed to increase their members' living standards over the past year, according to the European Trades Union Institute.

The ETUI's report on "Collective Bargaining in Western Europe, 1984 and Prospects to 1985" says: "For the fourth consecutive year there was a drop in the average growth rate of nominal wages in Western Europe. Gross hourly wages in Western European industry rose at a slower rate than the rest of inflation. In most countries real incomes fell as did the purchasing power of workers, with a further increase in unemployment."

The report says that most unions concentrated on maintaining purchasing power, rather than extending it. "Where unions have envisaged relative increases in pay, this has generally been for priority groups like low paid workers."

Employers, it said, had taken a "hard line" in negotiations in 1984. "The main effect of uncompromising attitudes by both governments and employers has led to major industrial disputes in a number of European countries. National or widespread strikes have taken place in West Germany (over working hours), in Britain (over jobs in the coal industry), in the Netherlands (over public sector pay) and in Iceland (over pay compensation). At the beginning of 1985, major strikes have also taken place in Denmark or Sweden."

In many countries employers have pressed for greater "flexibility" in the labour market – although the shape of the "flexibility debate" has varied between countries. In some cases unions have agreed with or even taken the initiative in bringing in flexibility measures.

"In other countries the call for flexibility has been a thinly disguised attempt by governments and some employers to use the balance of industrial power to further their private interests."

Plant closures, job cuts hit French steel sector

BY PAUL BETTS

THE FRENCH nationalised steel industry is closing an additional steel plant near Valenciennes in the northern steel-producing region of the country and cutting jobs.

The latest restructuring involves Unimetal, the steel product manufacturer jointly owned by Sacilor and Usinor, two large French nationalised steel groups. Unimetal told its unions yesterday it was shutting down its plant of Trith-Saint-Leger, which employs 770 people, and was considering adding another 1,400 jobs to a list of job reductions announced last year.

Unimetal is seeking to reduce its workforce to about 13,000 by 1987 from a current level of about 19,000. Unimetal was at the centre of the rationalisation programme of both Sacilor and Usinor since the two nationalised steel groups agreed last year to pool their capacities in long products in the jointly owned Unimetal subsidiary.

Moscow denies plan to restore Israeli links

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION has reacted angrily to an Israeli radio report that it might resume diplomatic relations with Israel and that a deal could be reached on Jewish emigration.

"The Israeli radio fabrications about a mythical proposal that has allegedly been conveyed by the USSR's ambassador in France to Israel's ambassador in Paris, just as the pronouncements ascribed to the Soviet ambasssador, are totally groundless," said the official news agency Tass in a brief splenetic reaction.

This is categorical enough but it has not wholly disposed of the suspicion that the new leadership in the Kremlin might be prepared at least to consider some new policy options in the Middle East. The rapid leaking of the Paris meeting also indicates a desire by somebody in Jerusalem to scotch any sign of a detente between the Soviet Union and Israel as soon as possible.

Moscow broke off diplomatic relations with Israel at the time of the 1967 war and they have never been restored. Some 260,000 Jews have emigrated from the Soviet Union since 1970 but the numbers allowed to leave annually have fallen from 51,000 in 1979 to 906 last year.

The details of the conversation in Paris which touched off the present furore are not known, but diplomats here do not expect an understanding between Jerusalem and Moscow on either emigration, the resumption of diplomatic relations or the Middle East problem as a whole.

Soviet policy is still to push its plan for a Middle East peace conference at which it would be represented, but Israel's links with Washington and Moscow's commitment to Syria are probably too strong to allow any real negotiations on points at issue.

From the Soviet point of view, the tide in Middle East politics is, if anything, flowing in its direction and there is no particular reason to try hard for an agreement with Israel at this time. U.S. influence in the region has diminished since its high point at the time of the visit to Jerusalem in 1977 of President Anwar Sadat of Egypt. Since then the Shah has been overthrown in Iran, Mr Sadat assassinated and the U.S. bid for predominance in Lebanon has ended in confusion.

But the frustration of U.S. designs in the area has not been matched by an equivalent growth in Soviet influence. The Iran of Ayatollah Khomeini is as hostile to Moscow as it is to Washington. Although there is a Soviet ambassador once again in Cairo, President Hosni Mubarak remains very much on the U.S. side of the fence, if less vociferously so than his predecessors.

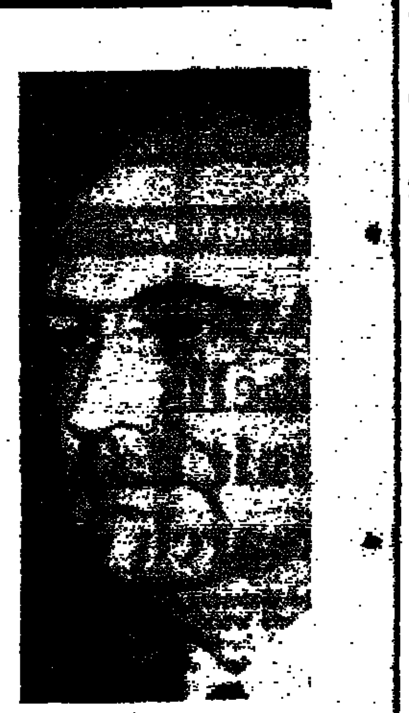
The defeat of the U.S. in Lebanon in 1982-84 was greeted with joy in Moscow but this was essentially a victory for President Hafaz al-Assad of Syria and his Allies among the Lebanese shiah and Druze communities. The Soviet role was limited.

In Moscow, pleasure at the resurgence of Syria is also alloyed by concern over the split in the Palestine Liberation Organisation in which Moscow and Damascus support different sides. They are also divided by the Gulf War in which Syria supports Iran against Iraq, an ally of the Soviet Union.

However, Syria remains Moscow's most reliable strategic ally in the Middle East, and one which has grown in influence over the past three years. This alone should limit Soviet contacts with Mr Shimon Peres, the Israeli Prime Minister, and his government over the next few years.

Meanwhile, Mr Yitzak Shamir, the Israeli Foreign Minister, said he expects the recent contacts with the Soviet Union to continue despite the unwelcome publicity which surrounded the private meeting in Paris last week of the Israeli and Soviet ambassadors.

He criticised his own Premier for sending a goodwill message to Mr Mikhail Gorbachev, the Soviet leader, through Mr Edgar Bronfman, the president of the World Jewish Congress who is due to visit the Soviet Union soon. Israel can talk directly to the Soviet Union, the minister said, it does not need intermediaries.



● Gorbachev (right): greetings from Israel

FFr 1.5bn social security deficit

BY PAUL BETTS

THE FRENCH social security system will report a FFr 1.5bn ($171m) deficit this year after two consecutive years of surplus. The deficit reflects the decision of the Government to abolish a special 1 per cent income tax to support social security and the particularly bitter winter, which sent medical expenses soaring.

However, the 1985 social security deficit is lower than the FFr 3.2bn forecast at the beginning of the year. It follows a surplus of FFr 16.6bn in 1984 and a surplus FFr 11.2bn the year before.

The French Government introduced a special 1 per cent levy to help the social security system return to the black. At the same time, a more rigorous management was imposed on French social security by M Pierre Beregovoy, the current French Finance and Economy Minister, then social security minister.

The tax abolition put even greater pressure on the social security administration to try to contain costs to avoid its budget going out of control again.

In the face of the cold winter and its impact on the social security budget in the first quarter of this year, the Government introduced a few measures to ease the social security's financial pressures. The measures, or as the Government prefers to call them, "small adjustments," included an increase in the tax on car insurance policies from 12 per cent to 15 per cent, which will bring an extra FFr 750m in revenues to the social security system over a 12 month period.

The Government also reduced the amount of social security refund on prescription drugs, laboratory analyses and certain medical services to help the social security services make total savings of about FFr 1.2bn over a 12 month period.

However, those adjustments hardly compensate for the FFr 11bn in annual income the social security system has lost with the abolition of the special 1 per cent income tax.

The medical branch of the social security system will show a surplus of FFr 1.2bn this year, sharply lower than the surplus of FFr 7.5bn last year and the surplus of FFr 13.1bn in 1983. The deficit for old age pensions and benefits will rise to FFr 9bn this year from a deficit of FFr 1.7bn in 1984 and a deficit of FFr 8.8bn in 1983. Family benefits will report a surplus of FFr 6.3bn this year compared with a surplus of FFr 10.8bn last year and a surplus of FFr 7bn the year before.

Paul Cheeseright reports on legislation to assist greater corporate co-operation

EEC internal market gets off to modest start

EEC COMPANIES are not co-operating enough. Schemes for joint projects are not getting off the ground, because there is not an adequate legal framework. So elements of economic dynamism are evaporating.

This argument is used to support projects to write down a European Company statute. It is the basis of changes in the competition regulations which now permit greater freedom for companies to undertake joint research and development, to exploit patents more easily and exclusively.

The whole question of creating a community legal framework for corporate co-operation is part of the European Commission's White Paper on strengthening the EEC internal market through eight specific measures.

The Milan summit of EEC leaders gave a general endorsement of this White Paper, but it did not single out the corporate legal issue as a priority.

Almost simultaneously, however, the Council of Ministers gave its formal blessing to the first of these eight measures: that which deals with the European Economic Interest Grouping, EEIG, a form of cross-border partnership based on concepts in French law.

It was a modest start to a programme which, if carried through, would embrace legislation on the structure of public limited companies, cross-border mergers, dispensation for the branches of companies from publishing separate accounts, company liquidation, takeovers, relations between companies in a group and culminating in a European Company statute.

The start was modest because the EEIG proposal has been on the table since 1973, although it was revised in 1978, and, more importantly, because an EEIG's permitted range of activity is narrow.

An EEIG is a partnership whose members have joint and several liability for debts. The nearest British equivalent is a partnership on the London Stock Exchange, and it springs from the *groupement d'interet economique*. But there are important differences.

Under the French *groupement*, joint manufacturing can be undertaken; but not under an EEIG. Airbus Industrie is a *groupement*, but it would not be possible to mount the same sort of enterprise under the new EEC legislation.

The ill-fated merger of Dunlop and Pirelli is often cited as an example of the difficulties of co-operation across borders but also as the sort of thing which should happen more often if the EEC economy is to realise its full potential. But the Dunlop-Pirelli venture would not have been helped much by the EEIG legislation. An EEIG cannot employ more than 500 people.

Constraints on the activities of an EEIG are set down clearly in the preamble to the new Community regulation:

"A grouping differs, from a firm or company principally in its purpose, which is only to facilitate or develop the economic activities of its members to enable them to improve their own results.

"By reason of this ancillary nature, the activity of the grouping must be related to the economic activities of its members and not replace them so that, to that extent, for example, the grouping may not itself, with regard to third parties, exercise a profession."

The key word here is "ancillary," meaning that the EEIG is not a vehicle for new commercial enterprise, as the French *groupement* is. This in turn suggests that the main value for EEC companies coming together to establish an EEIG will be in providing a legal frame for, say, joint research or combined accounting facilities.

Despite this limited application, Unice, the EEC employers' body, is pleased to have the legislation in place, seeing it as a helpful instrument for co-operation, but not, of course, for setting up subsidiaries.

"Those companies which really want to co-operate have it easier," said one official. "In the past it has always been necessary to have a national instrument—it has been difficult to choose between one of several systems. Now there's a European instrument and it is neutral. It is not based on national legislation."

Yet the EEIG does not exactly float on a community cloud, freed from national legal systems. There are no tax havens here. Profits and losses from a grouping are taxable only, as the law puts it, "in the hands of its members," that is those setting up the grouping, but apart from that national tax laws apply.

An EEIG also has to observe the social security and labour laws of the country where it is established: it is subject to national laws of insolvency. In short, it is subject to normal national controls over the pursuit of business activities.

Certainly an EEIG is not a casual corporate liaison. It has to be established by contract and it has to be set up either by at least two companies with central administrations in different EEC countries or by at least two people whose principal activity is in different member states.

Registration of an EEIG is done in the country of establishment but the fact of registration is published in the community's Official Journal.

However, there is not likely to be a rash of notices in the Official Journal in the immediate future. The legislation enters into force immediately, but governments have four years to adjust national laws to take the EEIG into account.

Brussels warning on wine

By Ivo Dawnay in Brussels

FOOD SAFETY officials throughout the European Community were alerted by the European Commission at the weekend about the exact destinations and consignments of imported Austrian wine believed to be doctored with a dangerous additive used in anti-freeze for cars.

The information was released through special emergency procedures after EEC officials held talks with Austrian government representatives on Friday. But there is considerable anger in Brussels that Vienna had taken more than two months to tip-off the Commission formally after the first discovery of diethylene glycol in the wine.

According to the Commission, about 1.5m litres of the adulterated wine have been sold to the Community, much of it bottled by EEC wholesalers.

So far, no serious illnesses have been reported as a consequence of drinking it, but health officials have warned that sufficient quantities could cause permanent kidney damage or even death.

Contaminated wine has been discovered in West Germany and Northern England, with the maximum concentration of the toxic chemical registered at 10 grammes per litre. Though a lethal dose is measured at about 14 grammes per litre, daily consumption of as little as 0.03 grammes could be damaging.

Initial inquiries about how the wine continued to be distributed after the first alert are now under way. But the Austrian mission in Brussels was unable to explain yesterday how Brussels had only been informed of the danger last week when the first discoveries were made in April.

The question of why West Germany failed to pass on the warning to its Community colleagues has also been raised. Part of the explanation may hang on the fact that responsibility for health regulations in West Germany is held by regional governments and not by Bonn.

West Germany has now banned imports of all Austrian wine, while the U.S. has stopped sales until tests are carried out.

Officials investigated over collapse of Italian dam

AN ITALIAN prosecutor yesterday promised a far-reaching investigation into Friday's dam collapse at Stava in the Dolomites that killed more than 200 people. He called the tragedy a "Third World-type" disaster that should never have happened in Italy, AP reports.

"This is not India or some Third World country . . . this is a civilized country and a disaster like this should never have happened," prosecutor Francesco Simeoni told a news conference.

In the adjoining town of Tesero, officials planned to bury the 70 local victims in a common grave.

Sig Simeoni confirmed that he has signed some 50 judicial notices notifying public officials and others involved in the construction and maintenance of the dam that they are under investigation for possible criminal negligence.

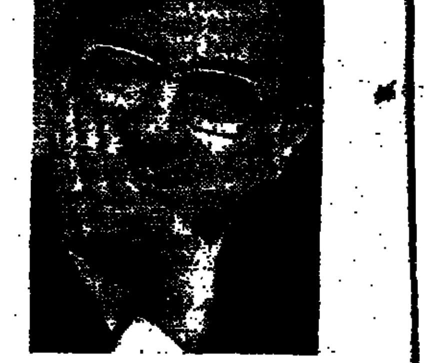
Among them were Tesero's Mayor Sig Adriano Jellici, a Christian Democrat, and his three immediate predecessors, judicial officials reported.

President Francesco Cossiga, touring the disaster area on Sunday, said the Government would see that the investigation into possible negligence would be carried out vigorously.

Soldiers and volunteers, digging through a mountain of sticky mud, recovered 196 bodies by yesterday, 65 of them still unidentified.

With little hope left for finding more survivors, civil defence officials estimated that the final death toll would be 214.

The collapse of the dam at lunchtime on Friday unleashed a torrent of soil, water and debris into Stava.



Cossiga: promise

Hungary may import more Polish goods

BY DAVID BUCHAN IN LONDON

HUNGARY has indicated that it would prefer on grounds of cost, to help Poland reduce its unemployment indirectly by importing more goods from Poland rather than directly by importing workers from Poland.

The Budapest authorities have become increasingly vocal about the high wage cost of "guest workers," of which there are about 10,000 in Hungary, mostly from Poland and some from Cuba.

An official from the State Labour and Wages Office recently noted that while the Cubans were classified under a bilateral accord as Hungarian workers and paid as such, Poles worked in Hungary under a foreign trade agreement and were paid at a Comecon-determined rate of 200 forints ($4) an hour, well above the Hungarian average.

Mr Gyoergy Magyar, director of the Oroszlany coal mine, has suggested that the Budapest Government is now considering reducing Polish employment in the Hungarian mines and making good the shortfall by buying more coal from Poland.

The director of the mine, which started hiring Poles in December 1982 and now employs 250, said that Poles were 1½–2 times more expensive than Hungarian workers, and that since 1984 their cost had risen by more than 10 per cent.

Because of Hungary's own labour shortages in many sectors including mining, the Oroszlany mine could only meet its present annual output target of 3.1m tonnes by using Poles, Mr Magyar said.

But Hungary could alternatively import an extra 500,000 tonnes of coal "produced by Polish miners not here but in Poland," he suggested.

However, the Polish miners should only be gradually replaced, over the next 1986-90 plan period.

Islamic Jihad claims bombs in Copenhagen

By Our Copenhagen Correspondent

THE SHADOWY Shi'ite *Islamic Jihad* organisation is believed to be behind the bomb attacks in central Copenhagen yesterday.

Twenty two people were injured, four seriously, when explosions went off at the offices of the North-West Orient Airlines of the U.S. and at the synagogue in the old city. Worst hit was the airline office, near a busy main rail station, which was ripped apart by an explosive hurled by a passerby.

The blasts took place during the morning within minutes of each other causing chaos in the city centre.

Later in the day, a fourth bomb was discovered by police not far from the Royal Danish Opera House, near the port of Copenhagen, and successfully defused by military explosives experts.

The portals of the synagogue, Scandinavia's oldest Jewish place of worship, were ripped off and windows smashed necessitating the partial evacuation of an adjoining Jewish old people's home.

An anonymous telephone caller contacted the Beirut offices of an international news agency claiming that a Scandinavian cell of Islamic Jihad was responsible for the blasts. They were in revenge for an Israeli attack on a south Lebanese Shi'ite village at the weekend in which three people were killed and five wounded.

West Germany develops air identification system

WEST GERMANY has developed a compromise system to identify military aircraft which would settle a row between Bonn and Washington, the Defence Ministry said yesterday, **Reuter reports from Bonn.**

The argument erupted last April when the Bonn Government backed down from an agreement to accept the U.S. Mark-15 "Identification Friend or Foe" (IFF) system, for use by all Nato member states.

A Defence Ministry spokesman said West German experts had developed a hybrid of the rival U.S. and West German products which would satisfy demands for compatible equipment throughout the alliance and overcome Bonn's objections to U.S. technology. The West German armed forces are examining the system, he said.

IFF systems use radio signals to identify aircraft as allied or enemy. At present Nato uses outdated and incompatible systems and experts say it would risk shooting down more than a quarter of its own aircraft in a war.

Bonn changed its mind about the Mark-15 system after the Post and Traffic ministries said they would refuse to grant it a licence on the grounds that it interfered with civilian air frequencies and posed a danger to passenger craft.

The spokesman said the hybrid equipment added West German IFF technology to the Mark-15 system and would enable West German combat aircraft to operate on a different wave band and avoid interfering with civilian communications.

Turkey frees siege Bulgarian

By David Barchard in Ankara

TURKEY HAS allowed a man suspected of spying to return to Bulgaria after 111 days under siege in the Bulgarian consulate in Istanbul.

Mr Ali Mehmetof Yusufov took refuge in the building in the spring after being pursued by Turkish police. Press reports claimed he had been sent by the Bulgarian Government to spread disinformation in Turkey.

Ankara's decision to allow him to leave appears to be part of an attempt to reduce tension between the two countries. Ten days ago

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Sudanese minister 'suspended' as political rifts widen

BY JOHN MURRAY BROWN IN KHARTOUM

SERIOUS DIVISIONS are developing within the Sudanese Government, both between the military council and the civilian Cabinet, and within the Cabinet itself.

According to Western diplomats, Gen Osman Abdullah, the Minister of Defence, a member of both the council and the Cabinet, has been suspended.

Dr Gizouli Dafalla, the Prime Minister, also faces threats of resignation from Mr Abdel Magied, the Finance Minister, and Mr Mahdi el Fakki, the Governor of the central bank. This follows a series of stormy weekend meetings between the Cabinet and the trade union alliance.

The bank union called a three day strike last week after police had broken up a peaceful march of some 2,000 bank employees using tear gas and baton charges. The union demanded the sacking of Mr Fakki, the use of subsidies on commodities and a cancellation of martial law under which their protest was illegal.

At a Cabinet meeting over the weekend union officials confirmed that Mr Magied threatened to resign if the unions insisted on frustrating his policies. The unions have been particularly critical of his *attitude to the International* Monetary Fund which they say is too conciliatory. The Prime Minister is said to have given his support to the union demands.

The crisis follows the departure of the IMF technical team which was here to study ways of resolving Sudan's huge debt problems. External debt stands at \$9bn (£6.47bn). Arrears payments to the IMF amount to \$127m and are estimated to increase by \$30m a quarter.

Another IMF team is due in Khartoum in August to look at the country's tax system. Mr Magied had already announced he would be introducing income tax and corporation tax. Under former President Jaafer Numeiri the use of "Zakat," the Islamic alms tax, resulted in only small revenue returns.

The reported suspension of Gen Abdullah follows the cancellation of his trip to Egypt, where he was to have observed the joint Egyptian-U.S. military exercise known as "Brightstar" which this year Sudan is refusing to join. The official reason for the cancellation was that the minister was ill.

Disagreement is believed to have stemmed from his recent trip to Tripoli where he signed military protocols with Libya. This move surprised many Western diplomats here following repeated assurances by the minister that no military agreements were contemplated with Libya.

Gen Abdullah seems to have little support among other high ranking officers who feel he is using his ministerial powers to bypass the military council.

Israel jails 14 Jewish terrorists

By David Lennon in Tel Aviv

SENIOR Israeli politicians including Cabinet ministers have begun moves to win a presidential pardon or parliamentary amnesty for 14 Jewish settlers, who were yesterday jailed for violence against Palestinians living on the Israeli *occupied West* Bank.

Three of the settlers received mandatory life *sentences for killing* three Palestinian students in an attack on the Islamic College in Hebron in 1983. Another 11 were jailed for three to seven years. One was released after the court ruled that the four months he had spent in detention was sufficient punishment.

The settlers were found guilty of a series of attacks on Palestinian individuals and property. In one of their first operations, they planted bombs in the cars of three leading West Bank mayors, two of whom were maimed in the explosions.

The arrest and trial of the Jews, who live in the controversial settlements on the West Bank, revealed deep divisions within Israel. Some politicians have described the terrorists as well intentioned but misguided; others regard them as dangerous fanatics whose extremism threatens the fabric of society.

There was a carnival atmosphere in the courts after the sentencing, with some of the terrorists sitting in the *judge's chairs to give media* interviews. Most of them appeared very pleased with the relatively light sentences.

Chris Sherwell and Kieran Cooke examine Indonesia's more 'activist' foreign policy

Suharto reasserts himself on the world stage

WHEN INDONESIA'S President Suharto makes his first visit to East *bloc countries* in the autumn, the leader of the world's fifth largest nation will be capping a strategy to promote a more "activist" foreign policy which has deeply intrigued Western and Asian states.

The visit, which is expected to take in both Romania and Hungary, will be the undertravelled President's *first official* trip outside South-East Asia since he went to Europe and the U.S. in 1982. He will also *go to Turkey*, and address the UN Food and Agriculture Organisation in Rome.

President Suharto

The journey, taken with recent moves to unfreeze relations with Peking, signs of ascendancy in South-East Asia and the hosting of a gathering of non-aligned countries at Bandung in April, illustrates how Indonesia is trying to assert a *position in the international* arena more commensurate with its size (pop: 160m) and more consonant with its economic *development ambitions*.

It also shows how the Suharto Government, having been stridently anti-communist since it came to power in the mid-1960s, is trying to redress this balance without actually "tilting" to the Soviet bloc, so enhancing its non-aligned credentials.

The main effect of the strategy is to end the 20 years or so of self-imposed isolation which came as a reaction to the previous regime of President Sukarno. A flamboyant populist, Sukarno saw himself as a champion of the Third World; *but he became increasingly* dependent on the Soviet Union, China and the East bloc for assistance.

By contrast President Suharto, concentrating on Indonesia's economy and limiting opposition, tended to neglect foreign policy, save for contacts with immediate neighbours in the *Association of* South-East Asian Nations (Asean), which groups Indonesia with Malaysia, Singapore, *Thailand, the Philippines* and Brunei.

Suharto viewed Communist countries with the utmost suspicion, especially China which he accused of supporting the attempted coup by the Indonesian Communist Party in 1965. So the West became a natural source of both aid and arms: but mutual defence pacts and more intimate *relationships* were carefully avoided and, over the years, the world seemed to forget about Indo*nesia*.

All this is changing. The Suharto Government, apart from discovering the general costs of isolation, has learned from years of hostile reaction to its 1975 invasion of the Portuguese colony of East Timor the importance of explaining domestic events to other governments in order to *win their support*.

Last year, with the Timor problem better contained at the UN, Mr Suharto assigned Dr Mochtar Kusumaatmadja, his extrovert Foreign Minister, the *task of reasserting Indonesia's* position in the world.

"Suharto now has Sukarnoist ambitions," says one Jakarta *diplomat*. "Having presided over Indonesia's economic progress, he now wants to be considered a statesman of world stature."

As a result, Dr Mochtar has spent more than eight of the past 12 months travelling the globe. He has re-established Indonesia's position as a leading force in the Non-Aligned *Movement through the Bandung* meeting, which attracted representatives of more than 80 African and Asian countries, and has asserted Indonesia's influence in the Islamic Conference Organisation by being the country with the world's largest Moslem population.

In Asia, Dr Mochter has sought to promote the concept of co-operation *among* Pacific Rim countries and assumed a central role in Asia in trying to find a solution to the vexed Kampuchean question. Indonesia is acting as a special interlocutor for the Asean countries —and latterly, for the U.S.—with Vietnam.

More importantly, Indonesia *has begun to speak openly of* an end to the freeze it imposed in 1967 in relations with Peking. *This* would start with a resumption of direct trade, now carried out through Hong Kong and Singapore. The first step to this end was taken last month when Indonesian and Chinese business delegations signed an understanding.

The shift is partly a recognition of the fact that Indonesia has been losing out unnecessarily to its Asean partners in the increasingly lucrative China trade precisely when it most needs to expand its non-oil exports.

But the whole issue is plainly sensitive. Some officials have voiced concern at the opportunities for subversion which direct trade contact might permit. In May, the Indonesian authorities inexplicably decided to execute an Indonesia Communist Party member who had already been imprisoned for 17 *years*.

Full normalisation of relations may therefore remain far off. Indonesia now says it is not insisting on an apology from Peking over its role in the abortive 1965 coup, but it does want an undertaking that Peking will not support insurrection against Jakarta.

The most intriguing aspect of Indonesia's new openness, however, is its relations with the Soviet Union and East Europe. Last year, Dr Mochtar *made the first visit to Moscow* by a high-ranking Indonesian in 10 years, and other senior officials have since followed.

In turn a succession of dignitaries from Bulgaria, Romania, Hungary, Poland, the Soviet Union and Yugoslavia have all visited Jakarta. As signalled by President Suharto last year, trade has been a major element in such diplomatic activity as Indonesia seeks to diversify its markets; but there are other reasons.

For one thing, Indonesia *now* believes the threat of Communist influence from either the Soviet Union or its immediate allies is minimal. For another, the Government still smarts from the abrupt cancellation of a visit to Indonesia by President Ronald Reagan in late 1983.

As the country tries for a middle-of-the-road position in world affairs, the possibility is being mooted that it might be a candidate to lead the Non-Aligned Movement and steer the organisation back from its recent leftward path.

Inevitably, the more general *question* has also *arisen of* whether Indonesia is suffering from illusions of grandeur, especially as international suspicion of the Suharto Government persists. Dr Mochtar dismisses such suggestions, insisting that Indonesia has an important international role to play.

"Now we have re-organised our domestic situation," he says, "we feel we can contribute a lot in the present tense and difficult times. We played a key part in the post-colonial era: we can do so now."

Marcos claims recovery in Philippines economy

THE PHILIPPINES has stopped the slide in its economic record after having passed the initial stage of adjustment and is laying the groundwork for continued recovery and growth, according to President Ferdinand Marcos, Reuter reports from Manila.

In a speech prepared for delivery to the National Assembly, he said the country *posted a current account surplus* of \$165m in the first four months of 1985, compared with a deficit of \$502m (£359m) in the same period *last* year.

He said foreign exchange reserves rose to \$1.06bn at the end of June, compared with a record low of \$430m in October 1983.

"Against every forecast of collapse by so many, we have turned the odds in our favour and set a course towards recovery," Mr Marcos said. The government expected to receive its second tranche, \$107m from the International Monetary Fund (IMF) this month, following Manila's compliance with performance criteria. The tranche is part of a standby credit of 615m SDRs the Philippines can draw from the fund.

U.S. reassures Israel on PLO

By Our Tel Aviv Correspondent

THE U.S. is seeking to reassure Israel that it remains committed to its long standing pledge not to negotiate *with the Palestine Liberation* Organisation until the PLO recognises Israel and stops terrorist activities. Washington has also indicated that it does intend to talk with a Jordanian-Palestinian delegation about a new peace initiative.

Israel opposes the planned meeting, arguing that the only way to achieve peace in the region is through direct negotiations between the parties.

Mr George Shultz, the American Secretary of State, in a message to Mr Shimon Peres, the Israeli Prime Minister, stressed that relations between the two countries had not been harmed by the disagreement over the *Jordanian-Palestinian* move.

Gujarat general strike draws poor response

BY K. K. SHARMA IN NEW DELHI

TENSION remained high in Ahmedabad, capital of the strife-torn state of Gujarat, yesterday when organisers of the five-month agitation against job reservations for the backward castes called for a day's general strike.

The response to the strike call was said to be generally poor and most offices and shops in areas unaffected by a curfew remained open.

Sporadic violence continued and police fired once on a mob but there was no major incident of the kind experienced in the state over the previous four days.

Violence increased in this *period despite an announcement* by Mr Amarsinh Chaudhury, Chief Minister, last Friday that the agitation, which until now has taken a toll of more than 240 lives, had been called off.

The movement against job reservations continues because of differences among its leaders. It has become further complicated because of communal killings of Hindus and Muslims. There is no fresh move in sight for an end to the prolonged trouble.

Arab bankers accused

A former president of the Arab Monetary Fund and five others have been charged by an Abu Dhabi court with financial malpractices that led to the loss of \$70m (£50m) in AMF funds, the magistrate *handling* the case *said* yesterday, Reuter reports from Abu Dhabi.

The charges were filed after an investigation into the 1977-1982 presidential term of Mr Jawad Hashem.

AMERICAN NEWS

Brazil set for big social services spending rise

BY ANDREW WHITLEY IN RIO DE JANEIRO

HEFTY INCREASES in social spending in Brazil over the next four years were expected to be announced last night by President Jose Sarney in a major radio and television address to the nation.

Based on a draft National Development Plan to be implemented later this year, government investment in such areas as education, housing, health and transport are likely to reach $22.3bn (£16.5bn)—7.7 per cent of gross domestic product—next year, rising to $24.5bn by 1989.

The switch away from the infrastructure and industrial emphasis of the military regime in favour of social expenditure is going to be the hallmark of the Sarney Government, officials say.

They point out that during the 1980-84 recession, under the Figueiredo Government, social spending fell in real terms by nearly 30 per cent. Worst affected were the resources devoted to housing which declined by 58 per cent.

In a speech widely leaked in advance, President Sarney was expected to pledge his four-month old administration to a strategy of a pick-up in the economic growth rate which is forecast to reach 5 per cent in 1985 and an average of 6 per cent a year over the succeeding four years.

The fight against inflation, currently running at an annual rate of 220 per cent, is being demoted from the absolute priority it was previously afforded. In future, growth will have at least equal importance in official calculations.

Agriculture has been picked out as the sector likely to lead the way over the coming years. Following a revision of the incentives provided to the sector, the Government's aim is to encourage a 7 per cent annual growth rate for agriculture.

The president was also expected last night to assure Brazilians that the economic package of austerity measures announced earlier this month would not cause a recession. The $3.2bn cut in state company spending did not represent a decline in real terms.

All this adds up to a dish which is likely to be highly unpalatable to the International Monetary Fund and Brazil's creditors, and a clear signal of the country's intention to go its own way, ignoring externally-imposed recession.

Peru plans 'Spartan policy within a war economy'

BY HUGH O'SHAUGHNESSY

PERU IS TO have "a Spartan policy within a war economy," said Sr Luis Alva Castro, the incoming prime minister and economy minister. Sr Castro, the second vice-president and author of the economic platform of the Aprista party, was nominated to his post at the weekend by President-elect Alan Garcia who takes office on Sunday.

In comments published in Lima yesterday Sr Alva criticised the role of the International Monetary Fund but pledged that Peru would live within its means and do its best to meet the service payments due on its foreign debt.

He added however that he was in favour of a "selective reactivation" of the economy.

Sr Alva's appointment has surprised observers in Lima who had expected the nomination of a figure with ministerial or central bank experience such as Sr Javier Silva Ruete or Sr Manuel Moreyra.

President-elect Garcia has named Sr Alan Wagner, chargé d'affaires at the embassy in Washington, as foreign minister. Sr Wagner played an important role in Peruvian negotiations in the Falklands war and is a founder member of IRELA, the Institute for European-Latin American Relations.

The appointment of Sr Armando Villanueva del Campo and Sr Luis Negreiros as joint secretaries of the victorious Aprista party is interpreted in Lima as a sign that President-elect Garcia is allowing it to move to the left.

Electrical union agrees wage contract

WESTINGHOUSE Electric reached agreement with negotiators for 13 unions representing 28,500 of its workers late on Monday, Reuter reports from Pittsburgh.

The accord was reached just hours before a strike deadline set for one minute past midnight yesterday, unions officials said.

The 37-month contract, which closely follows the one General Electric reached with its workers nearly three weeks ago, calls for average wage increases of 3 per cent a year.

The officials said Westinghouse's new cost of living formula will be identical to GE's, which adds 1 per cent an hour for each 0.175 per cent increase in the consumer price index through 1986 and 1 cent for each 0.15 per cent CPI increase for the two adjustments in 1987.

Mr William H. Bywater, president of the International Union of Electrical Workers, said pension improvements under the Westinghouse contract will exceed those of the GE accord.

He said the union had won an agency shop policy requiring non-union workers to pay union dues.

"We didn't have any givebacks," he added.

The officials said the contract covers all of the company's 25 business units. Westinghouse had sought separate pacts for each of the units.

Canada slowdown

Canada's economic growth is expected to slow next year under the "dampening" influence of some of the more restrictive measures in the May 23 federal budget that come into effect in 1986, the Conference Board of Canada said, Reuter reports from Ottawa.

Nuclear cool down

General Public Utilities said it plans to begin cooling down the Three Mile Island unit one nuclear plant next week unles it receives a court decision favouring restart of the unit, Reuter reports from Ohio.

Bernard Simon examines Saskatchewan's efforts to attract innovative companies

Silicon Prairie tries to reap high-tech harvest

Saskatchewan's rural image has not helped lure high-tech workers, who ask: "Saska-where?"

MENTION Saskatchewan to a Canadian and chances are you will be told about icy winters or a long monotonous drive across the prairie province.

Saskatchewan's new Department of Science and Technology, however, is trying to leave a different impression: one of a mecca for innovative, high-technology companies. Did you know, the Department asks in a recent brochure, that the clothes hanger, car heater and an "animal scratcher and oiler" were invented in Saskatchewan?

While Saskatchewan is by no means the first part of the world to try to create a Silicon Valley, the province can boast a fair degree of success in attracting some leading companies.

A contract with the provincial telephone company encouraged Northern Telecom, the large telecommunications equipment manufacturer, to locate its main fibre optics plant in Saskatoon, one of the province's two main commercial centres. The U.S. group GTE has an indirect interest in another telephone equipment plant in the city, and Ciba-Geigy, the Swiss pharmaceutical group, is setting up a small research and development group in Regina.

Engineering work at the University of Saskatchewan has spawned a number of commercial ventures with international reputations. The head office of Develcon, a supplier of data switches and networks to the U.S. National Aeronautics and Space Administration, is in Saskatoon.

Saskatchewan's bid for high-tech investment is a bid to diversify an economy heavily dependent on natural resources, notably wheat, potash and latterly, uranium.

"Which way do you go when you want to industrialise a province that's almost like a Third World country?" asks Dr Bruce Cooke, the Science Department's executive director for industrial development.

The decision to woo high-tech investors was based on four arguments: their low import requirements, good export potential, the creation of skilled well-paid jobs, and expectations that the electronics and telecommunications businesses would enjoy above-average growth.

The Department has a kitty of C$5m (£2.75m) to provide grants for new projects, and the Federal Government in Ottawa agreed last August to give another C$33.2m over the next five years to support high-tech development in Saskatchewan. A venture capital Act passed by the province last year provides for tax incentives to local investors.

The province estimates that sales by high-tech companies have shot up four or fivefold in the past three years and that the number of jobs in the industry has doubled. More than 60 high-tech companies have sprung up in the Saskatoon area, about half of them with Government assistance.

They appear to have few complaints about life on the prairies. Mr Terry Grieve, Develcon's chief financial officer, says that labour turnover is low because "we don't have to worry about (workers) walking across the street to a competitor."

His remark is a sign that, despite the successes so far, new investors are not falling over each other to set up business in Saskatchewan. The contrast between the province's ambitions and its more modest achievements is evident at Innovation Place, a 120-acre industrial park designed as a hub for high-tech businesses next to the university campus in Saskatoon.

There would be little activity on Innovation Mall or Research Drive, two of the roads in the park, if it were not for Government agencies. The National Hydrology Research Institute is putting up a new office and laboratory building, while Saskatchewan Government agencies are the main tenants in another building.

Ciba-Geigy has recruited four PhDs for its new research facility in Regina, but the problem of finding skilled workers willing to move from eastern Canada, California or the U.S. East Coast to the prairies appears to be the biggest long-term hurdle in creating a Silicon Valley of the north. Dr Cooke observes drily that: "People do say Saska — where?"

Saskatchewan's promotion efforts are hampered by the downturn in many high-tech markets. Develcon of Saskatoon has suffered losses lately and has trimmed its workforce. Few of the 12 or so venture capital companies formed in the province so far are for high-tech investments. Some have been set up to finance tourism projects. No major new investments in the high-tech field are in sight.

But the authorities are not giving up. The Department, apparently hoping to spawn from within the province what is now failing to materialise from outside, has set up "investors' offices" in Regina and Saskatoon. Any budding entrepreneurs can have his or her idea evaluated for C$100. More than 200 enquiries have been received in the year since the offices opened.

Some ideas, such as a variable fertiliser spreader and adaptations of other farm machinery, may have a commercial future. But the viability of one man's plan for a turbine-powered flying saucer is even more in doubt than Saskatchewan's future as a high-tech centre.

Jamaica reschedules $455m of debt

BY CANUTE JAMES IN KINGSTON

JAMAICA has obtained agreement from its commercial bank and Paris Club government creditors to reschedule $455m of its $3.1bn (£2.16bn) foreign debt.

The state-owned news agency said the agreement with the Paris Club creditors covers $68m and includes all principal and half the interest falling due in the period.

Repayment is to be in 12 equal semi-annual instalments beginning March 31, 1990, and ending September 30, 1995.

The agreement with the commercial banks will see rescheduling of all principal payments on debts of $190m during the 1985-86 and 1986-87 financial years, the agency said.

The repayment period will be 10 years, including a grace period of three years. The interest rate will be 1.875 per cent over Libor.

Another $197m of debt falling due between April 1, 1987, and March 31, 1990, will be rolled over in a single loan repayment in 10 equal instalments with interest to be determined.

The Government is expected to turn its attention to efforts at refinancing U.S.$26.5m due to countries which are not members of the Paris Club, and payments on which are due by the end of next March.

The refinancing agreements will bring some relief to the island's pressured economy. A report by the World Bank says the foreign debt is the equivalent of nearly 200 per cent of the gross domestic product and debt service accounting for more than 50 per cent of exports of goods and non factor services.

The Bank says the island will need net financing of U.S.$1.32bn between this year and 1990.

"The projected scenario raises serious doubts about Jamaica's credit worthiness," the Bank says.

It projects that the island's GDP will fall in real terms by between 4 and 5 per cent this year, and between 2 and 3 per cent in 1986, with growth of 2 per cent per year afterwards.

Ford Argentina sacks workers

Ford's Argentine unit has sacked 305 workers, including the leaders of a 19-day occupation of its factory which ended last week, Reuter reports from Buenos Aires.

The dismissals, announced by Ford yesterday, follow the companies statement last week that if needed to cut its staff of 4,000 by nearly 800.

Ford said it saw the dismissals as a disciplinary measure and therefore not subject to previous consultation with the Argentine Government.

WORLD TRADE NEWS

Developing nations hit at trade curbs

OFFICIALS from about 70 developing states began talks in New Delhi yesterday on a draft declaration criticising wealthy nations for trade protectionism, Reuter reports from New Delhi.

The draft is likely to be adopted later by 32 trade ministers from the developing nations' Group of 77 during the five-day meeting.

"Far from arresting the tide of protectionism, the developed countries have taken new measures leading to its intensification," it said.

The document criticises a proliferation of quotas, particularly on steel and textiles.

It also attacks the payment of subsidies to farmers in the developed world and what is seen as slow movement on earlier promises made under the 90-member General Agreement on Tariffs and Trade (Gatt) to increase imports of tropical commodities.

The draft says Western policies have caused high interest rates, leading to heavier debts for poorer nations. These policies it adds, had also increased the volatility of exchange rates, in turn damaging the flow of international trade.

The ministers, who meet on Thursday for two days, are also expected to agree on a common stand against a proposal by the U.S. to include trade such as banking and finance in the next round of Gatt talks, expected sometime next year.

Taiwan to cut import tariffs on 250 goods

IMPORT tariffs on 250 foreign products will be cut to reduce Taiwan's trade surpluses with the U.S. and other nations, a Finance Ministry spokesman said, Reuter reports from Taipei.

The tariffs will be cut by 5 per cent to a maximum 70 per cent on cosmetics, furniture, chocolate, coffee and leather products but the spokesman did not say when they would take effect.

Tariffs on 1,100 products including machinery and liquor were cut between 2 and 3 per cent in January.

John Davies in Frankfurt assesses the trade opportunities as Communist debt problems ease

West German chemical industry looks to the East

WEST GERMANY'S chemical industry is cautiously giving new impetus to its business with Eastern Europe now that the Communist countries' debt problems have eased.

Exports of West German chemicals to Eastern Europe have picked up after several years of restrained growth. And West Germany nurtures hopes of obtaining orders for chemical process plant under Eastern Europe's new five-year investment plans. Some chemical industry executives have also shown interest in the idea of joint ventures in Hungary.

The chemical industry, which has long cultivated links with Eastern Europe, has been encouraged by the East bloc's success in reducing its net international debt since 1981 by some $20bn to about $64.6bn. While foreign debt remains a problem, notably for Poland, it has become less of a constraint, particularly with East Germany, Czechoslovakia and Bulgaria.

Herr Uwe Thomsen, a member of Hoechst's management board says Western banks are increasingly willing to provide credit for deals with the East bloc. He attributes this not only to the improvement in the Communist countries' debt situation but also to high liquidity in the Western banking system.

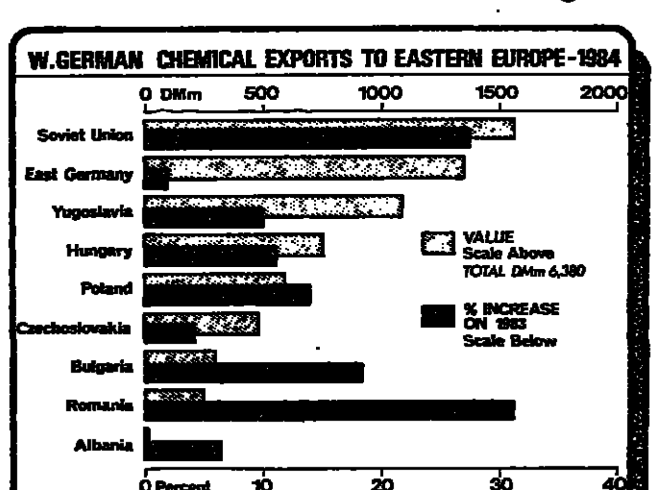
There was very little growth in trade in chemicals between West Germany and its East European partners in the aftermath of the Polish political troubles and the international debt crisis.

West Germany's chemical exports to the East bloc showed only moderate growth of 2.8 per cent in 1981, 2.2 per cent in 1982 and 2.7 per cent in 1983. Its chemical imports from Eastern Europe actually declined in 1982 and 1983, with the result that the total value of trade virtually stagnated in those years.

As business began reviving however, total trade in chemicals showed a 12.9 per cent growth to DM 8.62bn (£2.15bn) last year. West German chemical exports to the East bloc, of mainly plastics, synthetic fibres and organic chemicals, rose 12.8 per cent to DM 6.38bn, while its imports rose 13.4 per cent to DM 2.23bn.

Chemical industry executives have some reservations about how sustained the momentum might be; but with growth continuing into this year, they are inclined to be optimistic about the trend.

West Germany and Western industrial countries as a group continue to have a sizeable surplus in their chemical trade with Eastern Europe. This is despite earlier fears that the sale of chemical installations might rebound against Western industrialised countries by resulting in increased import competition from chemicals produced in the East bloc.



Hoechst, whose Uhde engineering subsidiary has been actively involved in East European process plant projects, says events have shown that installations built in the 1970s were aimed chiefly at the East bloc's domestic markets. On the other hand, imports from East European plants have added to the intense competition in the fertiliser market in West Germany.

Executives from Hoechst and other groups have been holding talks with East European officials about possible new orders to help with the construction of chemical plants under the East bloc's 1986-90 five-year plans. There were intensive discussions during the "Achema" international exhibition of process plant equipment in Frankfurt last month.

According to Hoechst, the Soviet Union in particular seems likely to invest in expansion of its chemical complexes. Plant aimed at saving energy and reducing pollution might also get higher priority in most East European countries.

Herr Thomsen, whose responsibilities on the Hoechst board include its East European business, says that only modern installations, including advanced electronics, can be sold to the East bloc. "It is a mistake to think you can sell out-of-date technology in Eastern Europe," he says.

However, he says no problem has arisen so far from the Cocom restrictions under which the U.S. and its allies aim to hinder sensitive high-technology transfers to Eastern Europe.

Hoechst's sales in Eastern Europe rose by an exceptional 40 per cent to DM 2.4bn last year, contributing about 6 per cent of the group's worldwide sales revenue. But much of the increase was due to the final accounting for projects built by Uhde in previous years.

BASF, one of the other big West German chemical groups, increased its sales in Eastern Europe by 15.6 per cent last year to DM 1.09bn, after a 1.4 per cent decline in 1983. Its East bloc business made up 2.7 per cent of its group sales worldwide.

Late last year, BASF took the plunge into a joint venture with a Hungarian partner to set up a company to make plastic foam for shoe soles and other uses. Hungary, which has adopted a relatively liberal approach on some economic matters, has been trying to interest Western companies in joint ventures.

BASF, through its Elastogran subsidiary, agreed to take a 49 per cent stake in the joint venture company, Kemipur, with a 41 per cent stake for Pemu, the Hungarian plastics manufacturer, and 10 per cent for Chemolimpex, the foreign trade organisation.

Hoechst has already been involved in two joint venture operations in Yugoslavia for more than 20 years, producing pharmaceuticals and plastic resins for use, for instance, in paint.

East European countries have been pressing hard for countertrade deals in recent years, but West German chemical executives — like most other businessmen — are reluctant to disclose details.

Hoechst says that less than 10 per cent of its sales in Eastern Europe involve countertrade. It says it tries to buy what it can in Eastern Europe and has set up a unit for this purpose within its purchasing division.

However, chemical industry executives say they detect a growing understanding in the East bloc that it cannot balance out its chemical trade with West Germany.

The West Germans point out that they run up a surplus in chemical trade with the rest of the world. "Why should Eastern Europe be an exception?" they ask.

Hungary to sell buses to China

By David Buchan and Colina Macdougall

HUNGARY is to sell China buses, bus components and trucks worth SwFr 120m (£36m), according to Budapest press reports. The deals mark a further step in the fast increasing trade between Soviet bloc countries and Peking.

Moguert, the Hungarian organisation specialising in vehicle trade, signed a SwFr 60m contract this month with the China National Machinery Export-Import company, to supply 1,000 bus chassis and bottom frames and some 200 Ikarus coaches.

Last year, Budapest and Peking concluded a long-term vehicle production agreement. Earlier this year, China contracted to buy SwFr 60m-worth of Csepel and Raba trucks from Hungary.

Hungary specialises within Comecon in the making of buses, and its Ikarus models have so far sold in North America and Western Europe. Moguert plans to set up a commercial and service office in China.

China has bought large numbers of buses and minibuses from a variety of foreign countries. But it is also boosting its indigenous manufacturing capacity.

Biogen sues W. German companies over patent

BY JOHN WICKS IN ZURICH

BIOGEN, the Swiss-American genetic-engineering company, has filed a suit against companies of the West German Boehringer Ingelheim group to protect a European interferon patent.

The suit, claimed to be the first in the world involving a patent for recombinant-DNA technology, is levelled against Boehringer Ingelheim Zentrale and two subsidiaries alleging the unlicensed sale in Austria of an interferon product.

This is an eyedrop containing a genetically engineered Alpha-interferon and used for the treatment of a viral infection of the cornea.

The action seeks to enforce the rights of Biogen and its worldwide licensee, the U.S. chemical company Schering-Plough. In August last year, the European Patent Office had granted Biogen a patent covering the manufacture and sales of genetically engineered Alpha interferons made by genetic engineering techniques.

Biogen claims that the Boehringer Ingelheim product contains at least one Alpha-type genetically engineered interferon made by a process described in an Austrian equivalent to the European patent in question.

Schering-Plough and Hoffman-La Roche group of Switzerland recently reached on agreement enabling each company to market Alpha interferons without infringement of patent rights.

Gas pipeline debt may double

BY LAURA RAUN IN AMSTERDAM

ARGENTINA'S debt to the Netherlands relating to a gas pipeline built by the Dutch company Boskalis now appears to be close to Fl 4bn (£888m) or nearly double the amounts previously mentioned.

Argentine and Dutch representatives will meet again in September in New York to discuss the protracted problems following inconclusive talks at the weekend in Rome.

Mr Emile van Lennep, special envoy of the Dutch Finance Ministry, said on his return that the Netherlands would prepare a Dutch response to an Argentine memorandum discussed in Rome. But he declined to comment on the contents of the negotiations other than to say he was optimistic.

Buenos Aires currently owes The Hague about Fl 400m in interest and principal unpaid since last year on a total exposure of Fl 2.3bn reinsured by the Dutch Government.

Another Fl 1.58bn that is not reinsured is owed for gas pumped through the 1,800-kilometre pipeline built by Boskalis' subsidiary Cogasco.

Boskalis' Fl 226m investment and a Fl 2bn bank loan led by Amsterdam - Rotterdam Bank were partially insured by the Dutch export-credit insurance company, which in turn was reinsured by The Hague.

The other Fl 1.58bn represents the cost of gas provided by Cogasco, which was to finance, build and operate the pipeline until 1995.

The Cogasco project has been a major source of Boskalis' financial losses, which quadrupled to Fl 200m last year. The dredging company already has received an indefinite debt moratorium from its creditor banks.

Mr van Lennep, former head of the Organisation for Economic Co-operation and Development, said both sides had accepted a World Bank report on the pipeline itself, which Argentina claims has malfunctioned.

The Dutch and Argentines have met several times to try to untangle the complicated debt, which is denominated in pesos, florins and dollars.

Argentina has amassed a total foreign debt of about $45bn (£34.6bn) and recently submitted an even harsher economic austerity programme to the International Monetary Fund (IMF).

Philips to boost Chinese telephone network

BY OUR AMSTERDAM CORRESPONDENT

PHILIPS, the Dutch electronics group, will supply China with fibre-optic transmission equipment and technology under preliminary agreements that are estimated to be worth around Fl 30m (£6.6m).

Joint ventures between Philips and the Chinese may also be established under the co-operation agreements that are expected to be finalised by the end of the year.

Philips' telephone joint venture with American Telephone and Telegraph, ATT-Philips Telecommunications, and Philips' cable subsidiary NKF also will provide part of the equipment.

Fibre optics, fibre-optic cable, transmission equipment and "know-how" for local manufacture of these products will be supplied.

The equipment will be used primarily to improve China's telephone network, but it can also be used for data transmission.

Philips is aggressively cultivating business in China, which is viewed as a potentially huge market for both industrial and consumer products.

Contracts worth between Fl 400m and Fl 500m for consumer electronics were received from China last year and that amount is expected to rise.

A joint venture was announced recently to build an audio equipment factory in partnership with the China Electronics Import and Export Corporation.

UK NEWS

Eli Lilly to be sued over arthritis drug

BY TONY JACKSON

ELI LILLY, U.S. manufacturer of the banned anti-arthritis drug Opren, is to be sued by around 1,000 UK claimants alleging suffering from the drug's side-effects.

The Opren Action Committee, which represents the claimants, is also to sue the UK Government and the UK Committee on Safety of Medicines, alleging negligence in testing the drug before it was allowed on to the UK market.

The Opren Committee claims that since the withdrawal of the drug from the UK market in 1982, attributable deaths total 83, with 3,963 reported cases of serious side-effects. Deaths were due to a variety of causes, including kidney and liver failure.

The committee claims it is only now apparent that one of the side effects of the drug is permanent allergy to sunlight. Committee head Miss Kathleen Grasham, writing to Mrs Margaret Thatcher, the Prime Minister, says: "During the recent few days of sunny weather Opren victims have been desperately seeking my help . . . A few minutes' exposure to sunlight results in hours and even days of the most distressing pain."

The Opren Committee claims that Professor Sir Abraham Goldberg, now head of the Committee on Safety of Medicines (CBM), was involved in early research on Opren. The CMS is the official body that clears drugs for use on the UK market.

The committee claims that Sir Abraham did research trials on Opren at the Western Infirmary in Glasgow in 1978-79. He was appointed a member of the CSM in March 1980, becoming chairman in July of that year. The committee does not claim that Sir Abraham received any financial benefit for the work done on Eli Lilly's behalf.

Labour MP Jack Ashley, writing to the Prime Minister, said: "If the allegations of the Opren Action Committee are correct, they discredit the CSM, strip it of all moral authority and destroy respect for its judgments.

"The chairman of the CSM should be called to account and instructed to answer the allegations and questions of the committee."

Ford opens $1.4m test centre

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD HAS concentrated its European electrical and electronics operations at a purpose-built headquarters and engineering liaison office at Basildon, Essex, 26 miles east of London, where $1.4m has been spent on new test facilities.

Some of the money has been spent on a laboratory to help Ford's specialist engineers develop sound systems tailored to all the company's European cars. From January next year the group will no longer use outside suppliers for in-car entertainment systems.

Ford will use car radios designed and developed in-house and produced in the U.S. or Canada rather than European suppliers such as Phillips, the Dutch group, and Blaupunkt, the subsidiary of Robert Bosch of West Germany.

Apart from audio equipment, EEO (Electrical and Electronic Operations) will design and develop new instrumentation systems and will draw on North American exhaust emission experience to work on those for Europe which are still being established.

EEO also incorporates a power train (engine transmission) electronics division and supports Ford's spark plug division. It is working on new plugs designed to operate in "lean burn" engines.

Mr Jerry Rivard, chief engineer of Ford's worldwide electrical and electronics division, said yesterday: "In this era of high technology and rapid change, it makes good business sense fully to utilise all of Ford's worldwide resources."

In Europe EEO employs a staff of 51, about half of them engineers, most of whom were previously based at Ford of Europe's research and development centre at Dunton in Essex.

They have now moved to 31,300 sq ft of spare space at Ford's agricultural tractor division at Basildon.

EEO is a divison of Ford's diversified product operations which account for some 20 per cent of the group's worldwide employment, investment, facilities and sales, and include activities such as aerospace and communications, agricultural tractors, steel manufacture and micro-electronics.

Pledge on RAF aid airlift to Ethiopia

By Tom Lynch

THE TWO Royal Air Force Hercules aircraft that are flying grain to famine-struck areas of Ethiopia will continue until the end of the year, Mr Timothy Raison, Britain's Overseas Development Minister, told the House of Commons yesterday.

The opposition welcomed the decision not to withdraw the aircraft, but attacked the Government's response to the Ethiopian famine as too little and too late.

Mr Raison, in a statement to the House after his visit to the famine areas last week, said this year's harvest in Ethiopia was likely to be poor, and emphasised the importance of the international aid effort "in which both the British Government and people have played an important part."

He said there should be enough food for the rest of this year, but there still were not enough lorries available for food distribution, which was "the overriding priority."

The minister praised the "professional skills and cool courage" of the RAF aircrew who had "airlifted well over 12,600 tonnes of grain and dropped a further 7,000 tonnes to places inaccessible by any other means of transport."

Mr Raison said the Hercules operation added flexibility to the movement of grain by road, which was the most cost-effective method. He hoped the build-up in the number of lorries available and the end of the rains by October would enable more grain to be moved by road.

Mr Raison also criticised the Soviet Union's response to the famine, which, he said, could be "measured essentially in arms."

Christopher Parkes reports on research into changing food tastes

Mexican treats join growth league

THE ENCHILADA, taco and other Mexican specialities are expected soon to join the pizza at the top of the growth league in Britain's fast-food industry, according to a study from the British Food Manufacturing Industries Research Association.

After a couple of false starts, Mexican food is now gaining acceptance on the menus of established restaurants. Earlier, Viva Tacos closed two pilot outlets after two years, while plans announced in 1983 for the introduction of Taco Time from the U.S. have yet to be realised.

Chili con carne is already a staple in many pubs and wine bars. The Wendy's burger chain now includes chili on its menus, and Ranks Hovis McDougall will open a Mexican chain in a joint venture with Chi-Chi's from the U.S.

Pepsico is coming later this year with its first Taco Bell outlet, and Shippams, which markets canned Mexican foods through retail outlets, is setting up Old El Paso fast-food bars in leisure centres and theme parks around the country.

While the established hamburger bars have been diversifying into fish, chicken, breakfasts and even toasted teacakes for afternoon tea, speciality pizza parlours have been growing quickly. The association estimates that sales are rising by about 45 per cent a year.

United Biscuits, with well over 100 outlets under the Pizzaland and The Perfect Pizza banners, is now the biggest multiple in the UK market. More competition is coming from North America, with the arrival later this year of Little Caesar, which has 700 outlets in the U.S.

Domino, one of the largest U.S. chains, is also planning to set up in the fast growing home delivery sector.

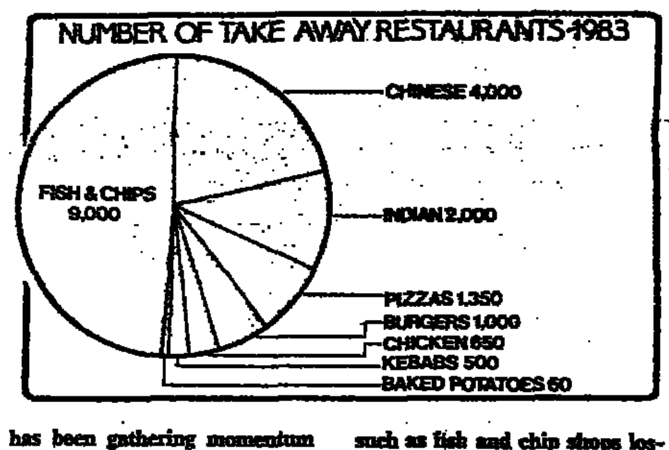
After a setback between 1980 and 1982, the fast-food market has been gathering momentum again. Overall sales are estimated to be expanding by about 15 per cent a year. The total market, estimated to be worth $2.2bn last year, should reach $2.63bn by 1990, the association says.

However, American-style outlets will enjoy most of the expansion, with traditional outlets such as fish and chip shops losing market share.

Quoting figures from AGB – Britain's consumer and industrial research organisation – the association says fast food now accounts for 32.8 per cent of all expenditure on eating out.

Fast Food in the UK, BFMIRA, Randalls Road, Leatherhead, Surrey.

NUMBER OF TAKE AWAY RESTAURANTS 1983



Eight-screen cinema for Thorn EMI

By Raymond Snoddy

THORN EMI is to spend £3.5m on an eight screen cinema in Salford, near Manchester – the first completely new cinema the company has built for nearly 40 years.

The multiplex cinema, with a total seating of 1,840 in the eight auditoria ranging from 270 seats in the largest to 180 in the smallest, is a further sign of renewed life in the UK cinema exhibition industry.

Thorn EMI Screen Entertainment hopes to be able to give the go-ahead for three or four more multiplex cinemas incorporating the latest technology by the end of this year. One of the main difficulties is getting planning permission for the new out-of-town complexes.

"We are on the move to restore the cinema exhibition industry in Britain to its rightful place in the spectrum of entertainment," Mr Gary Dartnell of Thorn EMI Screen Entertainment said at the launch yesterday.

The cinema in Britain is literally on the move – away from the existing city centre sites where people no longer live to places such as Salford Quays (where the new multiplex is located) with ample free parking, good communications and plenty of room for accompanying bars and restaurants.

Mr Dartnell admitted that in the past the big British cinema chains such as Thorn's ABC used their cinemas "as milch cows and did not reinvest." The board was convinced that the cinema exhibition industry was not dying. Thorn EMI is the largest cinema exhibitor in the UK with 287 screens on 106 sites, with a 32 per cent share of the market.

Spanish bolt-hole closed to criminals

BRITAIN YESTERDAY signed an extradition treaty with Spain which could mark the end of the long Spanish holiday British criminals on the run have been enjoying for many years, writes **Robert Mauthner.**

The treaty, signed in London by Mr Leon Brittan, the Home Secretary, and Sr Fernando Ledesma Bartret, the Spanish Minister of Justice, will not be retrospective. Criminals who have already found refuge in Spain will not therefore be affected by the new treaty, but it will effectively bar those looking for a bolt-hole abroad in the future.

However, a new Spanish aliens law, due to come into force today, may rectify this situation. Foreigners will have to reapply for residence permits, which will not be granted if the applicants are judged to be undesirable.

Any foreigner found to be undesirable could be deported, but not necessarily back to his country of origin.

□ **LONDON'S** docklands area has seen "an explosion of development" during the past year, the area's Development Corporation said.

During 1984-85 companies including Tesco supermarket chain, the Guardian newspaper and the stock exchange began major building work in the area.

The corporation was reporting on its fourth year of operations since it was set up to revitalise the huge stretch of dock wasteland in the Isle of Dogs. Corporation chairman Mr Christopher Benson predicted the docklands would become "the great water city of the 1990s."

□ **THE** deed of separation between Oscar Wilde and his wife Constance, signed by Wilde on the evening before he was released from Reading jail, was sold at Sotheby's auction rooms in London for £19,800 – more than twice the top estimate. It was bought by New York book dealer Mr John Fleming, who also paid £2,750 each for two love letters from Mrs Wilde to Arthur Humphries, manager of Hatchards Bookshop.

□ **ONE** of the finest farming and sporting estates in Britain has been put on the market and offers of more than £2m are being sought.

The 2,000-acre Forneth Estate in Perthshire, Scotland, includes a main house, lodge, four farmhouses, 12 other cottages, kennels, stables and paddocks. There is a 1,380-acre mixed farming unit and 500 acres of pheasant shoot, which also provides roe and fallow-deer stalking.

□ **HAWKER SIDDELEY** has formed a new company to manage and co-ordinate Petter and R.A. Lister, its two companies which compete in the world diesel engine market.

The companies, which have a combined turnover of more than £100m, have been facing tougher competition, especially from Japan, in Africa and the Middle East. Over-capacity in the world engine market has also harmed sales.

□ **FACTORING** companies in Britain saw a 27 per cent increase in business in the first half of 1985. The eight members of the Association of British Factors have reported that their combined turnover rose to £2.202bn, from £1.736bn for the first half of last year.

□ **FOR THE** first time whisky is to be sold in one litre clear plastic bottles. The new one litre bottle of Old St Andrews "Clubhouse Special," a five-year-old blend, will go on sale in duty-free shops at London's Heathrow and Gatwick airports.

Unions threaten TUC break over ballots row

BY JOHN LLOYD, INDUSTRIAL EDITOR

BRITAIN'S TWO main craft unions – those covering engineering and electrical workers – are prepared to set up a rival centre of power to the Trades Union Congress (TUC), if one or both of them is deprived of TUC affiliation.

Mr Eric Hammond, general secretary of the EETPU, the electrical union, said: "We could raise a very attractive banner for a lot of other unions."

The EETPU with 400,000 members and the engineering union, the AUEW, with 1m members, face a risk of TUC suspension for flouting a TUC conference decision against the acceptance of Government funds to defray the cost of postal ballots.

Funds for this purpose were made available under the 1980 Employment Act. Earlier this year the AUEW received £1.2m to cover the cost of ballots going back to March 1981.

The TUC general council will tomorrow be asked to endorse a recommendation from the finance and general purposes committee to begin the process of disciplining the engineering union. The decision, taken on a vote of 13-1, is thought certain to be passed.

Mr Gavin Laird

Mr Gavin Laird, the AUEW's general secretary, said the union had a 10-1 ballot vote in favour of taking the state aid, and that was decisive. If a further ballot, to be held in November, also underpinned the executive's stance – as he hoped and believed it would – then the union would continue to defy the TUC.

Mr Laird said he would regret leaving the TUC, but the AUEW was "strong enough to stand on its own feet."

OPTIMISTIC PLAN FOR POWER INDUSTRY

Electricity prices expected to fall as profits improve

BY IAN HARGREAVES

ELECTRICITY prices in Britain should continue to fall in real terms in the years ahead, but that will not prevent the electricity supply industry from continuing to improve its profitability once it gets over the effects of the coal strike.

According to the industry's medium-term development plan for 1985-92, published yesterday, electricity prices will fall by 1 per cent a year in real terms during the plan period.

That is primarily a result of the rolling agreement between the National Coal Board and the Central Electricity Generating Board, which requires the coal industry to increase prices each year at less than the rate of inflation. In the plan, an annual rate of increase of 3.8 per cent a year is assumed, against a general inflation assumption of 5 per cent a year.

The industry also expects, consistently with efficiency targets agreed with the Government, to cut non-fuel operating costs, which are forecast to rise at 3.6 per cent a year. Additional gains will flow from increased use of nuclear power stations.

Industry costs will also be reduced by the rapid erosion in the next three years of the industry's interest charges, as the power sector becomes debt-free in the late 1980s.

Although the taxation bill will rise sharply to offset that gain, the plan still forecasts that the industry's net return on current cost assets will rise from 2.3 per cent in 1985-86, to 3.1 per cent in 1987-88 and an average of 2.75 per cent in the succeeding four years. In 1991-92, net profits are put at £631m, compared with £278m forecast for the current year.

The industry, which is concerned about the growing level of its tax liability and its legal requirement to break even taking one year with another, is pressing the Government to restructure its finances by introducing some form of public dividend capital.

The other point to emerge from the plan, which is revised annually, is the industry's growing optimism about demand. The current plan puts growth in electricity demand from the commercial sector at 1.9 per cent a year, compared with last year's forecast of 1.2 per cent. Overall demand growth is put at 1.2 per cent. "Electricity is poised to expand its share of the commercial and industrial markets mainly at oil's expense," the report says.

In the short term, however, financial news from the industry will be bad. Next week, the industry is expected to report a loss for 1984-85 of about £1.8bn – the result of the miners' strike. The Government has said it will cover those costs

● Britain's electricity demand in the year of the coal strike rose by more than 1.6 per cent, the forthcoming annual report of the Electricity Council is expected to show.

Electricity's increased share of the energy market as well as an unusually cold winter are believed to have contributed to an increase of nearly 4 per cent in demand from the commercial sector and more than 2 per cent from householders. However, there was also a 0.3 per cent increase in demand from industrial users.

Meanwhile, the Central Electricity Generating Board is understood to have asked for a 2m tonnes increase in the amount of coal it wants from the end of October.

In April, the NCB had been asked to supply about 45m tonnes of coal to help power stations to rebuild their stocks depleted during the miners' strike. The CEGB is still aiming to have 23m tonnes of coal left in stock by the end of October but because of higher consumption than expected during the spring and summer it has asked the NCB to boost deliveries to 47m tonnes.

Growth in tourism gets Government priority treatment

BY ARTHUR SANDLES

TOURISM and leisure, Britain's biggest growth industry, is to be given higher priority by the Government.

Included in a plan of action announced yesterday are proposals for more flexible opening hours for public houses, shops and national museums and art galleries.

Public house hours are a source of common bewilderment to overseas visitors. They are a remnant of legislation enacted during the first world war designed to keep industrial workers away from licensed premises.

The report by Lord Young, Minister without Portfolio and prepared by the Downing Street Enterprise Unit, said the most effective ways to increase growth was to remove obstacles to it. On public house hours it said: "Restrictions are an obvious source of irritation to visitors who want to make their own decisions about their free time."

The Government is at present studying proposals to relax licensing laws and restrictions on serving drinks with meals in restaurants.

Recommendations to liberalise shop opening hours will be introduced in the next parliamentary session. This will free shops and stores for trading on Sundays.

The Government will also strengthen inter-departmental liaison on tourism policy and pay greater attention to the commercial importance of leisure traffic when considering the national roads programme.

Measures under consideration include a review of coach parking in London and a study of long-term solutions to traffic flow problems and changes to all road and directional signs.

Suggestions that the report might include the appointment of a Minister of Tourism are dismissed. "It would make no sense to try to direct all those topics (concerned with tourism) – from signposts to betting and gaming regulations – from one place in Government. They are aspects of wider policies for which individual departments are responsible."

The report does emphasise, however, that there must be closer co-ordination between Government departments over tourism policy. "It has been decided to arrange for the departments concerned with tourism and tourism-related responsibilities to keep under co-ordinated and regular review the range of Government policies which impinge on tourism and leisure."

Labour forces pay debate

By Our Political Editor

THE GOVERNMENT is being forced by a Labour Party procedural manoeuvre to give a detailed defence on the floor of the House of Commons of its decision to award large salary increases to senior civil servants, judges and the heads of the armed services.

The row over top salary's awards yesterday rumbled on at Westminster. Many Conservative MPs returned from the weekend in their constitutencies, reinforced in their unease and anger about the decision, while the Labour leadership saw an opportunity to embarrass the Government ahead of the start of the summer parliamentary recess on Friday.

An emergency debate on the subject was refused by the Speaker (chairman) of the House yesterday amid protests that the 90-minute debate this evening on an order increasing the salary of the Lord Chancellor would not allow sufficient time for MPs to express their concern.

Mr Roy Hattersley, deputy leader of the Labour Party, was successful, however, in pressing for a debate on top salaries in a way that will force ministers to reply before the recess.

He said that MPs on both sides wanted to "reflect the outrage undoubtedly felt throughout the country."

Labour's anger over the pay increases has been increased because of the Government's continuing hard line over pay for teachers (who are still in dispute with local education authorities) and because of a decision to end protection of young people by wages councils, which set legal minimum pay rates.

Mr John Gummer, the chairman of the Conservative Party, attacked Mr Hattersley for ignoring the fact that the top salaries review was produced by an independent body.

Fillip for civil servants, Page 15

Attack on Government over City fraud probe

BY PETER RIDDELL, POLITICAL EDITOR

THE BRITISH Government yesterday faced an intensified attack by Labour Party leaders over its handling of City of London financial issues following the fraud investigations at Lloyd's, the London insurance market, and Johnson Matthey Bankers.

There is also widespread dissatisfaction among Conservative Members of Parliament over the failure to bring prosecutions after the Lloyd's inquiries, as well as some apprehension about whether the proposals for regulating City markets will prove adequate.

Labour leaders believe the Government may be politically vulnerable over the succession of City scandals and some senior Tories are worried about the impact of a further row in the run-up to a general election.

Mr Bryan Gould, Labour's trade spokesman, who has kept in close touch with City issues, accused the Government in a statement, of "outrageous complacency" in response to City fraud. "A scandal of enormous proportions is emerging almost day by day," he said. "Yet the Government has done nothing to show that it takes the problem seriously."

He said the record showed City institutions could not be trusted to police themselves, with glaring failures of self-regulation.

Mr Gould called on the Government to bring prosecutions and to obtain convictions. In addition, "and more important in the long term, the Government must rethink its plans for City regulation and recognise the overwhelming necessity of a clear statutory framework which alone will restore investor confidence."

Quite separately yesterday, Mr Tony Blair, a Labour Treasury spokesman, sent a detailed letter to Mr Nigel Lawson, the Chancellor of the Exchequer, alleging inconsistencies in his statement to the House of Commons last Wednesday that serious gaps in JMB's records were not discovered until a few days earlier.

Mr Blair pointed out that the annexe to the Bank of England's annual report revealed no fewer than four different investigations by separate accountants and bankers of JMB's loan book last September and October.

Mr Blair said it was inconceivable that these serious gaps, now admitted, were not discovered by any of these inquiries until this month.

Mr Michael Hepker, chairman of the Leeds textile company Sumrie Clothes, has returned to Britain to answer criticisms by Mr Sedgemore in Parliament that he had led the Bank of England's auditors "up the garden path" as far as a loan to Ravensberry Investments, an Isle of Man registered company owned by Mr Hepker, was concerned.

THE ARTS

Galleries/Willam Packer

Returning to Newlyn

It is always easy to overstate the case for attractive pictures, elevating into major rediscovery what in essence is but fair, if perhaps overdue, reappraisal. Every country has its minor schools, its clutch of artists known well enough at home but not at all abroad, and one of the nicest pleasures of any major foreign collection is to come upon just such stuff in the further and uncrowded corners of the museum, and to find it to be work that is, by turn, fascinating, worthy, delightful and entirely fresh.

The work that came out of Newlyn, in furthest Cornwall, in the 50 years after 1880, until the emphasis of activity shifted across the Penwith peninsula to St Ives, is indeed for us just such stuff, to be characterised exactly by that list of qualities. To see so much of it now together at the Barbican (until September 1—then on to the Birmingham City Art Gallery for the autumn), and given its proper critical exegesis, is an experience to savour.

But, that said, we must not run off with the idea that here are masterpieces too long neglected. That Art is about masterpieces, all or nothing, is in any case an idea to reject: but *chef d'oeuvre* carries with it perhaps somewhat more limited and particular a connotation, and neglect can hardly be said to attach to two such that have hung in the Tate so long, and hanging with them still the reputations of their authors. Frank Bramley's "A Hopeless Dawn" of 1888, and "The Health of the Bride" of 1889 by Stanhope Forbes, are both key and starring works in this exhibition, and together they epitomise not only personal talent and achievement but the Newlyn School itself in its Victorian phase, in both its strength and weakness.

Thoroughly modern in so many respects, in their commitment to direct observation and to working in the great outdoors, and with their personal experience of the great developments afoot in Paris, the Newlyners, like the Glasgow Boys with whom they trace so close a contemporary parallel, inclined more in those crucial early years towards the gentle social realism of Bastien Lepage than to the more disinterested and hedonistic model of impressionism.

At home, however, this *plein air* realism, with all its good intentions, became further qualified by general sentiment and anecdote, which superficial genre sweetness, so much to late Victorian taste, served rather to mask the truer flavour of the vigorous, formal and painterly virtues which their work undoubtedly possessed. Even today, it is not to the fine painting of the figures against the light, or the table-top still-life, or the clear sculptural space, that "A Hopeless Dawn" owes its enduring popularity, but to the simple story it tells.

With the work of this first Newlyn generation, with Bramley himself and Forbes especially, but also with Henry Tuke, Thomas Gotch, Walter Langley and Norman Garstin, and the rest, the pattern naturally repeats itself: exquisite and unforced studies and small works, freely painted for all the closeness of the observation, and often entirely sufficient in themselves, followed by the great compositional machines in which these qualities may well remain evident, but only in part and much inhibited. In Forbes's "2nd January 1901," an aged cottager reads the news of the Old Queen's death to his friends around his table; and down the right-hand side of the canvas, in the gloom against the light, the flat, half-seen still life of the dresser and its contents is laid in with an astonishing freedom and technical command. As a detail it transcends its context; on its own would be quite remarkable, a tour de force.

"The Critics" by Harold Harvey, 1922

Many of those first Newlyners, including Forbes himself, lived through the period covered by this exhibition, but their sway was never absolute. The mood of the work changes with the younger artists who, though their physical commitment to the village remained firm enough, were clearly looking further afield for example and influence. Any sense of a true local school, that is to say an identity of interest, practice and purpose, soon falls away, leaving only the locality of subject matter to lend coherency.

There are instead the more generalised qualities of later academic impressionism and post-impressionism to detect, carried through with verve competence, and interest turns more on artists for their particular virtues than for their relevance to Newlyn. Laura Knight is certainly worth such attention in her own right, for she has suffered too much from post-war anti-academic prejudice, and the same is true of Dod Proctor, with her monumental portrait and figure paintings. Both women emerge from this show with reputations first secured and then enhanced. And Harold Knight too, and Harold Harvey with his gift for ironical genre, and Alfred Munnings, so much maligned and misunderstood, all worth taking seriously again. Understatement after all is as easy, and as unfair, as overstatement.

Lawrence at Hampstead

The Daughter-in-Law by D H Lawrence will open at the Hampstead Theatre on August 12 with previews from August 6.

Directed by John Dove and designed by Geoff Rose, the cast includes Cheryl Cambell, Lorcan Cranitch, James Hazeldine, Sandra Voe and Mary Wimbush.

Written in 1912, it will be the play's first professional production in London for 17 years and is being presented to celebrate the centenary of Lawrence's birth.

Royal Opera/Athens

Paul Driver

The Royal Opera has fulfilled two and a half demanding years of planning, fund-raising and co-ordination with triumphantly successful performances of Tippett's *King Priam* and Verdi's *Macbeth* in the ancient, open-air Herod Atticus theatre in Athens. The project was initially inspired, apparently, by the success of *King Priam* in a concert performance at the Festival Hall in 1980. It was considered ideally suitable to a presentation without sets, and its classical subject matter fitted it aptly to the Greek ambience. The British Council was immediately forthcoming with a guarantee against loss of £100,000 to inaugurate the venture, and as plans became settled to tour the two operas as part of this year's Athens Festival it increased its award by £35,000. Copious sponsorship from Greek concerns in London and British ones in Athens, and assistance from British Airways and the British-owned Athenaeum Inter-Continental Hotels in Athens, helped to stabilise and smooth the extremely ambitious operation, which subsequently became incorporated into the EEC's plans to designate Athens as the "Cultural City" of Europe 1985.

As a result of this designation (the first of a projected annual series) the Athens Festival has been considerably expanded in scope. There is a preponderance of British items, and the British Council is extending a total of £200,000 to sponsor events besides the operatic performances, including the National Theatre's production of *Coriolanus*, the New Shakespeare Company's Regent's Park production of *A Midsummer Night's Dream* and presentations by the London Contemporary Dance Theatre, the Nash Ensemble, Janet Smith and Dancers and the English Bach Festival (which brings Handel's *Tesco* to Herod Atticus on August 5).

Athens is a comfortable and beautiful location for a festival, and at the moment, thanks to President Reagan's advice to American citizens to avoid using the city's airport, also a less than overpopulated one. The Herod Atticus Theatre, immediately below the Parthenon, is a venue that defies comparison. It was built by a Roman millionaire in the 2nd century BC and remains intact and fully functional. Its ochreous, rough-hewn stone is assuaging to the eye even if its narrow marble benches test the physical resilience of the audience, which can be 5,000 strong (and was for the *Macbeth* first night). The stage is wide and fairly shallow; contact with the audience is intimate, facilitated by remarkably sympathetic acoustics. There are three impressive arched entrances to the rear, and window space high up which was used to thrilling effect for the emission of Achilles' war-cry at the end of the second act of *Priam*. Performances began at 9.15 just as the sun had set; traffic outside the theatre was diverted; and one quickly realised, in short, that the venue had virtually no disadvantages to qualify its brilliant attractions.

The two operas were performed alternately on four consecutive nights, last Thursday to Sunday. Both current Covent Garden productions adapted happily to the new surroundings, revealed no rough edges or incongruities in their transformed state. On the contrary, the pace of action and grouping of choruses seemed to gain in fluency from the bare environment: I doubt if either opera has often made such a direct musical and dramatic impact. The balance between stage and pit was extremely satisfying, and the orchestra played as crisply and intensely as I have ever heard it.

Macbeth, conducted by Edward Downes and produced by Elijah Moshinsky, bristled with atmosphere, pulsed with musical energy, culminated in an unforgettable choral splendour, and was thoroughly distinguished by the articulateness, conviction and vocal poetry of Renato Bruson in the title role and Ghena Dimitrova as a new and definitive Lady Macbeth. Robert Lloyd's Banquo, Dennis O'Neill's Macduff and Robin Leggate's Malcolm gave immaculate support. The witches' scenes drew lurid potency from the real darkness of the night.

King Priam (on Friday) attracted not a full house but a nonetheless good one, which did not empty as the evening went on. It was probably the strongest and most authentic performance the work has ever received. There were no textual emendations, nor any musical cuts (thus one heard more from the tuba, in the last scenes, than ever previously). But the authenticity was really a matter of discovering and dynamically projecting the opera's emotional substance—its tense queries, bursts of imperious passion, moments of sinuously lyrical pathos. Rodney Macann came fresh and bravely to the title role of this (Sam Wanamaker's) production, as did Neil Howlett, a fine Hector, Elizabeth Vaughan as Andromache and Chris Gillett as the god Hermes flitting magically in and out of shadowy stone cavities. Kim Begley continues to impress as Achilles, Nicholas Sillitoe as a personable (and in-tune) boy-Paris, but the show was almost stolen by Howard Haskin who stepped in late for the vocally indisposed Robin Leggate as mature Paris and sang and acted with prodigious flair. Elgar Howarth, securing orchestral response to the utmost concentration, steered what must count among the Royal Opera's finest evenings.

Elaine Delmar, Elizabeth Welch, David Kernan and Liz Robertson in "Kern Goes to Hollywood" which opened last night in the main evening slot at the Donmar Warehouse where the show was first seen two months ago and warmly reviewed on this page

Bach Cantatas/Albert Hall

Dominic Gill

My quotation from Bernard Shaw has already been stolen by the Prom brochure, but bears repeating: Shaw ranked Bach's church cantatas with Gluck's *Orfeo* and Wagner's music-dramas as he only works in which you can hear the perfect union of words and music, the growth of every musical form, melodic interval, harmonic progression and orchestral tone out of some feeling or purpose belonging to the drama.

The affinity remarked by Shaw is peculiarly apt: for the music must be performed and directed by musicians who understand from the heart that Bach's cantatas, in spite of their smaller scale, are as intensely dramatic as any of the Passions in their form and theatrical impulse. The Monteverdi Choir and English Baroque Soloists under John Eliot Gardiner are just such a group: and their Prom concert on Sunday night was for that simple reason an uncommon delight.

Literally scores of wonderful programmes could be made up from the cantatas. This one opened with the rousing choral movement "Nun ist das Heil" which probably survives from a lost cantata, and has an orchestration identical to that of the Sanctus from the B minor Mass. The early Cantata No. 4, "Christ lag in Todesbanden," is a miraculous miniature Passion in seven movements: every sudden shift of perspective was delicately caught by the singers and players—from the magical, dark-veined "Den Tod Niemand zwingen kunnt" with cornetto and trombone, to the extraordinary "Es war ein wunderlicher Krieg," ethereal, glittering four-part chorale with simple continuo accompaniment.

The tenor soloist for Cantata No 55, "Ich armer Mensch," was Anthony Rolfe Johnson, notable for his impassioned delivery and fine-sprung enunciation. His role of Evangelist also illuminated the big oratorio-cantata No 11, "Lobet Gott in seinen Reichen," as did here for the first time the singing of the counter-tenor Michael Chance—an alto in the tradition of Paul Esswood, large-toned, florid, expressive, with a fine instrumental edge to the articulation and timbre.

John Brandstetter and Faith Esham as Yosuke and Otane in Minoru Miki's new opera "Joruri"

Joruri/St Louis Opera

Andrew Porter

The Opera Theatre of St Louis, 10 years old, is one of the most adventurous and satisfying companies in the country. It plays a month's summer season. This year there were two world premieres, Minoru Miki's *Joruri* and Stephen Paulus's *The Woodlanders*, both of them with librettos by, conceived by, and produced by Colin Graham, the artistic director of the company.

Graham — Britten's collaborator on *Noye's Fludde*, the three church parables, *Owen Wingrave*, and *Death in Venice* — here builds on his earlier work and continues it with visionary fervour. He commissioned Miki's previous opera, *An Actor's Revenge*, for the English Music Theatre Company (1979), and produced it in St Louis two years later. Already its successor was being planned. Where *An Actor's Revenge* was a kabuki opera, *Joruri* has its starting point in the puppet dramas of Chikamatsu, the 17th-century master of love-suicide romantic tragedies. In fact, there are only puppet *episodes* in the piece, which is a subtler-than-*Pagliacci* exploration of parallels between plays and a "real-life" situation, and, beyond that, an enthralling presentation of different kinds of dramatic metaphor playing upon and enlightening both one another and human experience.

The characters are Shojo, the old, blind master of a puppet troupe; his young wife Otane; and Yosuke, who both carves and manipulates the puppets. A new Mark, Iseult, and Tristram. Yosuke and Otane have fallen in love, and Shojo discovers this when his fingers sense the passion with which Yosuke has carved the features of a puppet playing the role of a princess loved by her blind husband. The final puppet episode is enacted not by puppets but by Otane and Yosuke themselves, and it is a love-suicide climax (preceded by a "Walk to the Paradise Garden" interlude — the third movement of a koto concerto threaded into the score). Like the characters they portray, the lovers disappear from sight behind a waterfall, and Shojo is left alone with us in the darkening theatre.

The influence of Japanese theatre upon Western has been various — in the work of Yeats, Brecht, Britten, Peter Brook, Peter Sellars. In Jojuri, besides the puppet excerpts there are three kabuki scenes, when Shojo is visited by the spirits of the tyrant who blinded him when he intervened to rescue the child Otane from the tyrant's lust; by Otane's mercenary, mocking mother; and by his own doppelgänger. There is a kyogen intermezzo, when three assistants, who play "invisible" stage helpers within both the puppet interludes and the staging of the opera proper, mock their masters' plight, Ping-Pang-Pong-like.

Of all the cross-culture composers, Miki (whose first training was westernized and who only later assimilated native timbres and inflections into his style) has perhaps most successfully united Japanese and Western elements in a personal and highly expressive language. He uses a modern orchestra and also the koto, a shakuhachi (a flute) to sound the tenor of Shojo's sad muses, and a twangling or thrumming shamisen (a lute) to accompany the puppet episodes. The score is notable for delicate, unconventional, affecting colour combinations, for supple rhythms and pacing, and for eloquent melodic lines.

The performance was brilliant. Faith Esham, the Otane, looked exquisite and moved exquisitely, and her voice has evened into a flexible, beautiful instrument. John Brandstetter the Yosuke and Andrew Wentzel the Shojo, were poignant. Onoe Kikushiro had drilled them in Japanese movement; Graham ensured that the result was not merely "attitudes queer and quaint" but an eloquent theatrical adventure in which sounds and movements conspired. Joseph Rascigno conducted sensitively. The audience seemed spellbound, and at the close the hush that is the deepest mark of appreciation yielded gradually to cheers and a long standing ovation.

Season for Youth Theatre

The National Youth Theatre will stage seven plays at theatres throughout London during August and September and, for the first time, will present 15 of the best regional youth theatre.

The plays will include *As You Like It* at the Open Air Theatre, Regent's Park: *Othello*, and *If You Wanna Go to Heaven* by this year's Texaco/NYTGB Playwriting Competition winner Chrissie Tiller, at the Shaw Theatre; *The Caucasian Chalk Circle* at the Jeannetta Cochrane Theatre, a Shakespeare workshop Uneasy Lies the Head, and a first play by a young black actor, Mark Johnson, *Bad In The Eye*. Another first play, *Frikzhan* by 20-year-old foreign language student Marius Brill, starts the season at the Young Vic Studio Theatre.

Saleroom/Antony Thorncroft

Loving memories

The deed of separation from his wife Constance that Oscar Wilde signed on his last day in Reading Gaol, dated May 15, 1897, sold for £19,800 at Sotheby's yesterday. It was bought by the New York dealer John Fleming and the price paid far exceeded Sotheby's top estimate of £6,000.

Under the deed Wilde was to receive an allowance of £150 a year as long as he kept away from Constance and led a respectable life. The money was withheld from him six months later after he had associated again with Bosie, Lord Alfred Douglas.

Fleming also bought two letters from Constance Wilde to Arthur Humphreys, manager of Hatchards bookshop, which suggest an intimate relationship between the two of them. The letters sold for £2,750 each, slightly below forecast.

The highest price in the first session of Sotheby's most important auction of manuscripts and letters for some years was the £22,000 from Quaritch for the text, in Hazlitt's own hand, of his "Book of Conversations," which was later published as the "Liber amoris." It was a work which shocked the critics with its description of Hazlitt's love for a servant girl, his landlord's daughter. The original manuscript was thought to be lost, perhaps destroyed by the author, but it arrived at Sotheby's through the post. It is the most important Hazlitt manuscript to come to light and could possibly end up in the British Library.

Blackwells of Oxford paid £8,580 for a large collection of first editions, in their original parts, of the novels of Charles Dickens and £3,520 for an edition of Sir Philip Sidney's "Arcadia," signed by Lady Anne Clifford, Countess of Pembroke, who in 1630 married into the Sidney family.

A printed copy of Tennyson's poem "Maud," with autograph corrections and page proof insertions, was bought by the London dealer Rota for £8,250 while another London dealer, Sawyer, paid £8,600 for a large collection of poems, letters and manuscripts by and about Lady Annabella Byron, wife of the poet.

An oddity, a series of 160 stanzas in English translated from Ovid's "Metamorphosis," once attributed to Milton, but no longer, made £2,750: they are now appreciated for their own quality, although the price was below estimate.

A first impression of the first edition of Dickens's "A Christmas Carol" did well at £2,530, and a first edition of John Donne's "Poems . . . with Elegies on the Author's Death" also beat its forecast at £2,200.

The two main disappointments in a morning session which totalled £167,211, with 11 per cent unsold, were a bawdy manuscript by Burns of his "Hunting Song," which was withheld from publication (bought in at £1,700), and what Sotheby's considered to be one of the finest letters by de Quincey to appear at auction—unsold at £900.

The afternoon session was devoted to 20th-century literature. A copy of the first edition of "A Passage to India," signed by Forster for Sir Michael Sadler, sold for £400, while two more copies of the first edition made £300 and £240.

A presentation copy of the first edition of Erskine Childer's "The Riddle of the Sands," went for £2,420, while Quaritch paid £2,200 for a first edition presentation copy of Ian Fleming's "Casino Royale."

The work of our leading potters is still much in demand, judging by the prices paid at Christie's sale of contemporary ceramics yesterday. It totalled £101,287, with 19 per cent unsold. The pots of Hans Coper were very popular, a New York buyer paying £12,960, way above forecast, for a rare early stoneware vase of around 1952. He also bought a stoneware bud spade-form pot of 1973 for £4,752. Fischer Fine Art of London paid £4,536 for a large stoneware cylindrical bottle by Coper.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

July 19–July 25

Opera and Ballet

WEST GERMANY

Stuttgart, Württembergische Staatsoper: Falstaff, sung in Italian, has fine interpretations by Karen Armstrong, Marjana Lipevsek and Guillermo Sarabia. It is conducted by Silvio Varviso. End of season, new season opens on Aug 31 (20321).

Munich, Bayerische Staatsopera: Munich's annual opera festival runs from July 31 at the Munich Bayerische Staatsoper. The third week starts with Arabella, conducted by Wolfgang Sawallisch. The cast includes Marjana Lipevsek, Lucia Popp and Bernd Weikl. La Traviata is steered to triumph by Edita Gruberova. Francesco Cilea's rarely played Adriana Lecouvreur brings together star tenor Placido Domingo and Natalia Troitskaya. Le Nozze di Figaro is worth a visit with Teresa Zylis-Gara, Edith Mathis, Ruggero Raimondi and Hermann Prey as leads. This Sunday morning Daniel Barenboim is giving a Franz Liszt piano recital. Also part of the festival is a "world premiere" of the opera "Le Roi Berenger", which will be offered at the Cuvillies-Theatre. It is produced by Eugene Ionesco and composed by Heinrich Sutermeister. In the main parts are Heinz-Jürgen Demitz and Ute Trekel-Burckhardt (July 22, 26, 30). (21851).

SPAIN

Barcelona: Casa De La Caridad. Centre Choreographique National de Montpellier, Compagnie Dominique Bagouet in Deserts d'Amour with music by Mozart and Tristan Murail. (Mon, Tue, Wed, Thu). (3182525).

Barcelona: Teatro Grec De Montjuyc. Merce Cunningham Dance Company of New York. "Events" Choreography by Merce Cunningham. (Mon, Tue, Wed, Thu). (3182525).

ITALY

Rome, Terme di Caracalla (Rome Opera Summer Season): Turandot, conducted by Daniel Oren, produced (and with scenery and costumes) by Sylvano Bussotti. Gwyneth Jones alternates with Galina Savova in the title role. Diana Soviero and Miwako Matsumoto in the role of Liu, and Nicola Martinucci and Corneliu Murgu as Calaf. (Tue). (461755).

Macerata: Arena Sferisterio: Summer Season opens with Rigoletto conducted by John Mauceri and produced by Mauro Bolognini with Cecilia Casdia, Lando Bartolini and John Rawsley. On Saturday and Wed. (40576).

PARIS

Robert le Diable alternates with Solrée de Ballets and with Tosca. Conducted by James Conlon with Raina Kabaivanska in the title role and Giacomo Aragall in that of Cavaradossi. Paris Opèra (2665022).

Opera's young dancers turned choreographers at the Opèra Comique (2960611).

Le Théâtre D'image: François Guilbard: Ballet-Théâtre. Espace Ronsard. 2 Rue Ronsard (2843131).

LONDON

Royal Opera House, Covent Garden: The Royal Ballet follows six Swan Lakes with La Fille mal gardée on Wednesday. (2401066).

Coliseum: London Festival Ballet in Ashton's Romeo and Juliet. (8363161).

NEW YORK

The Berlin Ballet (Metropolitan Opera House): Roland Petit's new Blue Angel, in which he stars with Natalia Makarova, comes direct from the world premiere in Berlin for a two-week engagement. Lincoln Center (3622000).

New York City Opera (NY State): Four performances of The Student Prince are followed by La Rondine and The Daughter of the Regiment. Lincoln Center (8705580).

New York Grand Opera (Central Park): Carmen is featured this week in the 12th summer of free fully staged outdoor performances conducted by Vincent La Selva (Wed, 7.30pm). 72nd St. Band Shell.

WASHINGTON

Grand Kabuki (Opera House): An American tour of two productions alights in Washington. Kennedy Center (2543770).

Kabuki Medea (Terrace): This Japanese version of Euripedes is presented by the American National Theatre and Wisdom Bridge Theatre. Kennedy Center (2549895).

TOKYO

Bolshoi Ballet: Miscellany of favourite pieces from the repertoire. Tokyo Bunka Kaikan. (Mon). (2347207).

Ballet Flamenco de Andalcia: *Homenaje a Enrique, Estudio de Solea.* Joint performances by Japanese Flamenco ensemble led by Yoko Komatsubare and dancers from Andalcia, Spain. Outdoor in Hibiya Park (walking distance from Imperial Hotel and Sinza). (Thur). (2379999; 9806060).

FINANCIAL TIMES SURVEY

Tuesday July 23 1985

Superstores and Shopping Centres

Big has become beautiful as superstore groups battle for market share and edge-of-town sites. Shopping centres are fighting back with a new style and comfort for customers.

Store wars rage

By David Churchill, Consumer Affairs Correspondent

SUPERSTORES and shopping centres are at the forefront of fundamental changes taking place in British retailing. The impact of the recession, a relatively stable inflation rate, changing social patterns and the advent of seven-day trading are coming together to change the face of shopping.

The impact of new technology and the emergence of new marketing and design techniques have also created a breed of retail entrepreneurs who are steering the retail trades into new directions. Decisions being taken on store locations and product development will affect retailing until well into the 1990s.

Development of superstores, hypermarkets and shopping centres is increasingly becoming a game that only a few players can afford. The finance needed and long lead times between planning and coming on stream means that only retailers with sufficient resources and confidence about the future shape of retailing are taking part in the superstore stakes. Tesco, for example, recently raised some £145m in a rights issue to help pay for its expansion programme.

"There are only a finite number of superstore sites available in the UK and if the present trend continues, these will have been snapped up over the next five or so years," says Mr Ian MacLaurin, deputy chairman of Tesco.

Superstores have emerged as a major weapon in the grocery sector's "store wars." Fierce price competition of the late 1970s put severe pressure on retailers' net margins. The way to maintain profitability was to push a higher volume of business through larger stores, spreading the overheads. Big became beautiful.

Superstores also developed as a consequence of changing lifestyle and social patterns. More people have cars for bulky food shopping and the high proportion of women working means that routine grocery shopping has become more difficult.

Superstores meant families could stock up weekly or fortnightly with basic food—and perhaps be persuaded to buy garden or electrical products. Superstore operators wooed motorists with cheap petrol.

Some 25 hypermarkets and superstores were opened in 1984, according to the Unit for Retail Planning Information. This was fewer than 1981 and 1982, but a slight increase on 1983. Last year four hypermarkets were opened compared with none in 1983.

Hypermarkets

The URPI says that the number of large stores with planning permission is 68 (66 superstores and two hypermarkets). This is the largest number since 1980 but still significantly below the peak of 81 in March of that year.

Fourteen of the stores with permission, are in Greater London (and eight of these are Sainsbury's). A further 17 are in the rest of the South-east. This means that the South-east as a whole, accounts for nearly 20 per cent hypermarkets in the UK and for 46 per cent of those with planning permission.

Before 1980 there was only one superstore in Greater London. By the end of 1983 this had increased to 11 stores open and trading and a further three with planning permission. By the end of last year, there were 13 stores open with a further 14 with permission.

"The rapid build-up of new stores in Greater London shows no sign of slackening," the URPI says.

There is some disparity between URPI estimates of superstore operators and those from other trade sources, notably the recent report by the Euromonitor research company, which is based on data from the Institute of Grocery Distribution.

Euromonitor suggests that Tesco is the largest superstore operator with 83 stores, while the URPI says it has 61. Tesco itself claims more than 100 superstores, although this is based on its own definition of a sup...

Asda is ranked as largest by URPI, with 83 superstores, compared with 77 in the Euromonitor figures. The Co-operative retailers are given 63 superstores by Euromonitor and 43 by the URPI.

A feature of all new superstores is that consumers prefer car parking on the level rather than in multi-storey car parks, so a considerable amount of land is needed. According to the URPI, superstores have an average of 144 car spaces per 1,000 sq metres of selling space. This varies from an average of 193 for Carrefour, 183 for Sainsbury down to 119 for Hillards and 115 for Morrisons.

There are about 500 shopping centres in the UK and at least 45 under construction. When first developed they could rely on a near-monopoly in their catchment areas. Now customers have a much wider choice of old and new centres.

This choice also applies to traders, who can afford to be more selective in where to open a store. The key difficulty is that the UK is "over-shopped." Some 80 per cent of the population is estimated to live within a 15-minute drive of at least two shopping centres.

The way forward for shopping centres will be greater emphasis on innovation and keeping an eye to changing needs.

Customers and retailers need to be enticed into shopping centres. The importance of an exciting environment to do this is illustrated by the Quincy Market in Boston, Massachusetts, and the Covent Garden centre London. They both recognise that shopping is a leisure activity in which people's needs are tacked on to an important part of social life, including entertainment, eating out, chatting, and relaxing.

Sunday trading and late-night shopping — which should be allowed by law later next year — will provide an important opportunity for shoppang centres to help attract customers.

"Shopping centres that take the right approach to Sundays will not just boost revenue: they will find themselves playing a new role in the community—that of a popular local facility," says Fitch & Co, the design consultancy.

"Shopping centres will need to be different on a Sunday: informal, leisurely and welcoming, packed with extra features and fun."

Probably the biggest issue facing the retail sector, however, remains choice between High Street or edge-of-town locations. The edge-of-town argument appears to be winning, because of limited parking in many high streets and the shortage of space to expand.

Marks & Spencer has been forced to move out because of space shortages. Next year it plans to open a large edge-of-town store at the MetroCentre near Gateshead, and has linked with Tesco to develop sites jointly.

The high street should survive for specialist and convenience shopping but increasingly it looks as if large stores will be sited further away. Many other traditional high street retailers may join Marks & Spencer in looking to edge-of-town sites for the 1990s.

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Greenery abounds in the new generation of shopping centres, even an underground one like Waverley Market in Edinburgh, opened by the Queen this month. The £10m development, built on two levels, provides a niche for speciality shops forced out of Princes Street

Regional analysis of superstore numbers

	1982	1983	1984	% change 1982-84
North	19	23	22	16
Yorkshire and Humberside	36	37	44	22
East Midlands	26	29	31	19
East Anglia	7	8	8	14
Greater London	11	13	17	55
South East	55	60	64	16
South West	16	23	22	16
West Midlands	34	35	40	18
North West	52	55	56	8
Wales	18	20	25	39
Scotland	42	42	43	2
TOTAL	316	345	372	17

Source: Euromonitor from IGD data.

Superstore numbers by operator

	1982	1983	1984	% change 1982-84
Argyll Foods	11	12	16	45.5
Asda Stores	65	71	77	18.5
Dee Corporation	12	12	13	8.3
Fine Fare	31	35	39	25.8
Hillards	7	8	7	—
International*	18	18	5	(72.2)
Wm. Low and Co.	2	2	2	—
Morrisons	14	17	22	57.1
Safeway	1	1	1	—
J. Sainsbury	10	10	19	90.0
SavaCentre	5	5	5	—
Tesco	70	79	83	18.6
Woolco	11	11	11	—
Co-operative societies	47	51	63	34.0
Independents	14	13	9	(35.7)
TOTAL	318	345	372	17.0

*Now part of Dee Corporation.

Source: Euromonitor from IGD data.

DEFINITIONS of superstores vary. The Institute of Grocery Distribution defines a superstore as "a self-service grocery store with at least 25,000 sq ft of selling area."

The Unit for Retail Planning Information, has a more sophisticated definition: "A single-level self-service store offering a wide range of food or food and non-food merchandise with at least 2,500 sq metres (26,900 sq ft) net floor space and supported by car parking."

The IGD defines superstores with a selling area greater than 50,000 sq ft as hypermarkets, while the URPI definition covers stores of more than 5,000 sq metres (53,800 sq ft).

The URPI estimates that there are 297 superstores and hypermarkets in the UK, while a Euromonitor survey *based on IGD figures* estimates the total at 372.

Caution over sophisticated systems

Technology

DAVID CHURCHILL

HYPERMARKETS, superstores, and shopping centres are potentially best placed to capitalise on the benefits that new technology can bring to their large-scale operations.

Yet even though many large stores make full use of computer technology in a number of areas of operation, many large retailers are still cautious about wholeheartedly investing in sophisticated electronic point-of-sale systems aimed at integrating the whole stock control and movement systems within stores.

The three leading food retailers—Tesco, Sainsbury and Asda—have only some 30 stores out of a total of about 750 equipped with new laser-scanning checkouts. Tesco does have some 42 of its Victor Value limited range discount stores fitted with these new checkouts, but only nine of its superstores have the equipment installed.

Laser-scanning checkouts, which have been widespread in the U.S. and Europe for many years, are probably the key to retail automation in large-store retailing. They are especially useful in food retailing, which is characterised by the high-volume, wide variety and speed of the transactions.

Laser-scanning systems are based on the bar codes printed on more than 70 per cent (by volume) of packaged groceries. These codes are built up of black lines of different thicknesses which represent a 13-digit number unique to each product. Each number identifies the manufacturer and gives details of the product, including its size and weight.

Products are passed over a low-power laser at the checkout. This is linked to an in-store computer which identifies the prices and gives an itemised till receipt.

Fine Fare is the largest scanning retailer in the UK, although it has no scanning equipment in any of its main high street stores. All the 126 scanning points are in Shoppers Paradise discount stores.

The supermarket chains have appeared reluctant to embrace this new technology wholeheartedly because of concern that the cost saving may not be as high as thought and, in any case, have been achieved through other means in recent years.

Euromonitor, a market research company, suggests that this delay in implementation may have also been due to the failure of retailers to agree on common electronic systems as well as "difficulties in developing systems which are sufficiently precise to the needs of individual retailers in a disparate and seasonally fickle trade."

Checkouts

Other reports have suggested that shoppers may be put off by new technology. The European Foundation for the Improvement of Living and Working Conditions, for example, suggested: "There was a feeling among customers that management was losing touch with customer requirements and at times was becoming too enamoured by the gimmicks of new technology."

Even so, large stores will still be most likely to take advantage of the benefits of sophisticated checkouts. The ability of the data-capture system to track accurately and speedily the sales of every item and then relate this to the stock position, improves the quality of management information. For the first time, top managers can have a complete picture of the operations throughout individual stores as well as the entire group.

A report by the Economist Intelligence Unit on scanning and other electronic point-of-sale systems suggests that the attractiveness of new technology to large-store retailers is increasing.

The advantages include "a fall in prices in real terms, increased flexibility, greater solid state memory and processing capability within the terminal, and improved communications capability."

The pace of installation is likely to pick up by the late 1980s. "A significant proportion of large outlets will have introduced point-of-sale systems and streamlined operations," the EIU says.

"Their experience should begin to percolate down to smaller outlets and exert competitive pressures which in turn could generate fears of being left behind."

ICL, the computer company, says the next five years will see "explosive growth" of electronics in stores. Value of new equipment will increase from £63m last year to more than £800m by the end of the decade, it says.

It is clear, therefore, that the promised electronic revolution in retailing which has been on the cards for some years will be most widely felt in hypermarkets and superstores over the next five years.

Substantial reshaping of the Doncaster Arndale Centre went on as shops continued to do business.

Bigger developments in pipeline

Shopping Centres

WILLIAM COCHRANE

A YEAR ago the talk was of declining size in new shopping centres in the UK. This year, the accent is on bigger ones, both under construction and on the drawing board.

There are 45 comprehensive schemes of more than 50,000 sq ft under construction this year with a total of 6.19m sq ft of gross retail floorspace, according to Hillier Parker's annual survey. The average size of scheme rose from 111,000 sq ft in 1984 to 137,500 sq ft this year.

Quantity of space planned has risen at a faster rate, standing at 12.1m sq ft compared with 10.8m sq ft in 1984.

"The increase reflects greater confidence by developers, investing institutions and particularly retailers," Hillier Parker said. "An important factor has been a new willingness by store operators to give commitments to take anchor stores. Debenhams, for example, has agreed to take space in schemes like Colchester, Bolton, Hounslow, Southend and Coventry."

Phase two of Basildon's Eastgate shopping centre by the development corporation and Norwich Union exemplified much of what Hillier Parker said.

Phase One was completed in 1981 with a 101,000 sq ft SavaCentre anchoring a total of 264,000 sq ft of shopping. But Basidon never intended to stay with that mix, says Mr Patrick Grant, the corporation assistant chief estates officer.

The second phase will comprise 470,000 sq ft, including a 200,000 sq ft Allders—"the biggest new department store in decades" according to Mr Larry Thomson, of Allders. A 45,000 sq ft Toys R U store will open in the second half of this year, and a 36,000 do-it-yourself unit is planned for 1986.

The corporation also has proposals for the adjacent, open town square: part of the scheme involves 30,000 sq ft of new shops. Mr Grant is talking to a couple of funders.

These plans would give Basidon 1.75m sq ft of covered shopping, the biggest such centre in Europe.

Roofing over conventional shopping is a tempting proposition, but there are problems—chiefly ease of exit in case of fire. Basildon had to satisfy the Home Office and the Fire Research Station on this.

"We had less of a problem as we own the freeholds," Mr Grant says.

A lot of thought has gone into this centre. The Allders development team spent six weeks on trips to America, Mr Thomson says.

What of last year's theory that department stores were dead? "The truth is that some department store managements were dead from the neck up," he says.

The smaller shopping in Phase two comprises 70 units between 290 sq ft and 20,980 sq ft on two levels, in two malls. Another 42 of 70 sq ft to 400 sq ft for specialist and craft traders will be on two levels above the east-west mall.

The two top levels, called The Galleries; open onto the car park, as well as inside the centre.

Spacious

Parking is a sore point with many centres. Dirty grey stacks are flaunted in the worst, showing that functional is not always beautiful. Sometimes they are not too functional either, with restricted access and uncomfortable floor-to-floor links. They are often dark, sometimes threatening and occasionally dangerous.

Basildon has made no attempt to disguise the helical ramp to Eastgate's 1,000 spaces. It is a strong, spacious and not unsightly feature which will get cars in effectively. Visitors will not be faced with dead space but with shopping which starts in the car park.

Seven other car parks providing more than 4,000 spaces within a few minutes walk of the centre and the corporation says that where it takes parking space away for development, it always puts back more. "We took 200 away for Toys R Us and added 550," Mr Grant says. The DIY development will take 350 and hand back 940 spaces.

Basildon's town centre takes in a cinema, clubs, a bowling alley, swimming pools, parks, a theare and snooker clubs, all within easy walking distance. The corporation is not therefore disturbed by the prospect of two proposed massive retail and leisure developments at Thurrock, on the M25 north of the Dartford Tunnel—and a relatively short drive away.

But Mr Grant thinks they should be delayed. "We have other sites which could accommodate more leisure space," he says.

The battle at Thurrock, involves a £200m retail and leisure complex half as big again as Brent Cross. Town & City Properties is competing with a partnership of Capital & Counties and the Pearson group.

The plans show that it is not only retail warehouses which can locate out of town. Agents Healey & Baker, acting for Town & City, say that London's orbital M25 could support another five major shopping developments without affecting existing centres.

Thurrock also shows that shopping plans are becoming more theatrical extensive leisure elements for both schemes are designed to attract shoppers and bring them back for more. The catchment radius could be considerably enlarged and the threat to neighbouring shopping centres intensified.

Attacks and theft problems increasing

Security

DAVID CHURCHILL

THEFT BY staff and customers is a major concern for retailers in shopping centres and out-of-town superstores and hypermarkets. The problem appears to be growing, with attacks on staff increasing.

Lord Rayner, chairman of Marks and Spencer, said the company had to spend an extra £1.5m a year on wages for security staff to help combat violent crime in shops. "There is a growth in more professional shoplifting and more violence," he said.

Mr Frank Pegg, chief executive of security equipment specialist Volumatic, says: "Professional shoplifters are after big returns and if they can fight their way out of the store and get away with stolen goods, then it has been worthwhile."

Shopping centre developments are particularly vulnerable to violent vandalism—particularly after shops have closed.

The size of the overall problem is difficult to calculate, since many thefts go unreported or are not quickly discovered. Some estimates, however, suggest that retailers could be losing about £1.5bn a year.

Retailers have tended to pass on losses to customers in higher prices, but the recession and tougher trading conditions have forced them to take a more positive approach to curtailing theft.

Crime statistics show men steal more from shops than women even though women go shopping more often. Most offences are committed by boys and young men.

A study of shoplifting in department stores showed that women take mainly clothes and cosmetics and to a lesser extent food and drink. Men steal hardware and do-it-yourself equipment followed by books records and tapes.

Just under half the recorded shoplifting offences are for goods worth less than £5.

A National Economic Development Office report on shop theft predicted that prevention systems were likely to increase.

"Businesses, especially in the non-food sector, will probably use electronic surveillance increasingly, coupled with sensitised tags which, if not removed from the purchase at the cash point, will trigger off an audible alarm," it said.

Mirrors are among the cheapest security devices and are often essential for sales staff to watch customers. A static convex mirror about 2 ft in diameter is likely to cost about £50.

Clusters of three mirrors forming a central unit cost less than £200 while one-way glass (a mirror from one direction and a window from the other) costs substantially more but can prove very effective.

A more advanced observation system involves closed-circuit television scanning, where a simple package of camera and monitor may cost about £350 to buy but can be leased.

One of the fastest-growing problems is cheque and credit card fraud. "There is an in-built feeling that a person using a cheque has the money to support it, particularly if he uses a bank support card. Yet cheque books, credit cards and bank support cards are easily stolen," Mr Pegg says.

While retailers are increasingly working together to combat shop theft, training is probably the best solution. Staff should be told what to look out for and what to do when they suspect theft and to have an alarm system to deal with violent attacks.

Another reason for retailers not becoming too dependent on security hardware comes from the Consumers' Association which showed from a survey that it was not in a shop's interest to have security measures that put people off.

"Ease of shopping matters more to some people than the possibility that shoplifting puts up prices," it said.

The name, image and marketing of Ultimate, the edge-of-town electrical stores chain planned by Harris Queensway/Debenhams, were created by Saunders Design

Jumbos start to fly

Retail Parks

WILLIAM COCHRANE

THE growth potential of "jumbo" retail parks, providing convenience shopping in big centres on the edge or outside towns, is exciting developers, beginning to convince property investors, and making life uncomfortable for the town centre retailer.

Some 37 leading off-centre retailers, are looking for more than 1,800 stores totalling more than 41m sq ft of buildings and 1,882 acres of land, according to a survey by agents Herring Son and Daw.

There have been estimates of up to 2m sq ft at Cameron Hall's MetroCentre in the Gateshead enterprise zone, south of Newcastle-upon-Tyne. Marks & Spencer's decision to move out to the MetroCentre was described as the greatest property development coup of 1984.

What will this mean for Newcastle city centre? Its Eldon Square shopping centre comprises 780,000 sq ft completed in 1976, is probably Britain's best-developed, and best-managed.

Mr Gordon Allanson of Capital & Counties, the company which developed, owns and manages Eldon Square, says: "I am enjoying the pressure from Metro. It is making our people much more positive, and our late trading just before Christmas was phenomenal.

"There has always been a will to get out of the town centre," he says, observing that the timing of MetroCentre developer Mr John Hall coincided with Marks & Spencer's decision to experiment with off-centre trading.

"This added a great deal of validity to the scheme. Incoming stores also get capital grants and four years' rate-free trading. It is worth the gamble—but the MetroCentre still has to compete with some very good shopping."

The city is not prepared to let the situation slide, as happened in Manchester which is now ringed with shopping. The council hopes to improve car parking access to the city.

"We would try to be first in Sunday trading," Mr Allanson says. "There is a tremendous amount of parking here on a Sunday."

C & C will "be doing something" ahead of the MetroCentre opening rather than just waiting for it to happen.

It aims to improve facilities with a fast food court, bridge links into Eldon Square from an arcade and a Co-op store in Percy Street, and a development linking an old Maples store in Grainger Street.

Refurbishment plans include improvement of the Grays Monument entrance, opening some of the ceilings in Eldon Square to natural light and perhaps improvement of toilets and disabled facilities.

The role of the enterprise zone in retail park development could be crucial. It allows retailers a relatively inexpensive move out of town, while planners are less willing to restrict size of development. And if the jumbo park succeeds in the EZs, there will be pressure for similar development elsewhere.

In Scunthorpe, local traders are objecting to the development of 180,000 sq ft of convenience retailing in the town's enterprise zone. They say planners are merely shifting decay from one area to another.

The National Coal Board pension funds, however, which own a modern retailing scheme in the centre of Scunthorpe, believe that if the EZ works it could benefit the centre in the long term.

In Wolverhampton, two out-of-town superstore proposals were turned down by the Environment Secretary ending speculation over the future of the town centre.

Permission for both proposals was refused because they were contrary to West Midlands structure plan, and would hit existing centres without providing employment benefits. There were also existing sites in the town centre.

But the Environment Secretary has given a large number of other out-of-town food superstores the go ahead around the country often contrary to his inspector's recommendations.

Some analysts believe that pressure from developers, retailers and funding institutions needs to be controlled rather than resisted implacably.

"Demand and pressure for the growth of off-centre retailing cannot be stopped—it cannot even be contained. Local authorities should meet this demand with a properly formulated plan," according to Mr Brian Read, of agents Bernard Thorpe in a study of retail warehouse parks.

Changing lifestyles reshape future

Retail Trends

DAVID CHURCHILL

RETAILERS investing millions of pounds in hypermarkets, superstores and shopping centres are becoming increasingly anxious to spot consumer trends in advance because of the long lead time involved in developments. Planning permission and development can take several years, so it is vital that retailers are aware of the likely future demand from consumers.

What impact, for example, will Sunday shopping have on where people shop? Will consumers increasingly prefer one-stop shopping in edge-of-town stores — or will the High Street fight back?

These sort of questions are in the forefront of many retailers' minds as they plan their strategies for the 1990s. Those who get the answers right will emerge as top performers of the next decade.

The crucial significance of identifying trends has prompted many retailers to set up strategic planning departments. The Burton Group, in the middle of a bitter takeover battle for the Debenhams department store chain, has set up a "futures unit" of academics, consultants, and retail specialists.

Their conclusions are being kept secret, but one trend identified by the Unit is described as "localism." This is the large-scale movement of a predominantly affluent population from big towns and cities to small towns and rural areas. People also identify with their local area and to give it a greater personal value than non-local centres and urban areas.

This localist trend is well-established but little understood by retailers, the unit said. Rapid growth is occurring in these areas, which the national multiple chains have traditionally avoided.

Up-market retailers, however, are disproportionately located in small to medium-sized towns and areas while the traditional high street increasingly accommodates high-volume, low-cost retailing.

The Burton Group's continued organic development might take it away from such major growth sectors, the unit said. It believes national retailers can benefit from the growth of small towns and retail centres, but will need to change their trading philosophy.

Break-up

Localism is only one of a number of significant retail trends emerging, confirming that this is one of the most important periods for retailers since the abolition of resale price maintenance in the 1960s paved the way for the expansion of multiple chains.

At the heart of retailing trends emerging in the 1980s is the changing lifestyle of consumers, which has altered how family budgets are spent.

Such influences may be profound (such as the increase in home ownership) or obscure (such as linking an increase in video-recorders with a decline in visits to pubs).

One factor behind changing lifestyles is the break-up of the traditional family unit of two adults and two children. These now account for only 24 per cent of the total in the UK, the same proportion as single-person households.

Other factors include more working women and fewer working men. This has seen the growth of womens-wear shops

One of the greatest social changes in Britain since the war has been the increase in car ownership. This encourages people to buy more, but less frequently. It also means that they demand adequate car-parking.

Over the next decade traditional demarcation lines in retailing will become blurred. Marks & Spencer has already shown this by its development in to food retailing which makes it one of the largest grocery operations in the country. Meanwhile traditional grocers such as Tesco and Sainsbury are broadening operations into non-food lines, especially do-it-yourself.

"The increasing maturity of the retail market and the changes in lifestyles mean a much tougher, more competitive market," says Mr John Richards, of stockbrokers Wood Mackenzie.

"It is no longer sufficient for a retailer to have good buyers and a shop next door to Marks & Spencer. The retailer must know who his customers are and what they want and the shop must be designed to appeal directly to the customer."

Retailers are also in the forefront of the increase in personal financial services such as mortgages, banking, and loans. Tesco has linked with the Midland Bank for in-store branches, while Debenhams has developed in-store "property shops"

A potential threat to traditional retailing comes from the extension of mail-order operations through greater use of television and computer facilities — so-called teleshopping.

Perhaps the most radical change in retailing this decade will be the advent of Sunday trading and longer weekday opening hours.

The implications of this and other changes makes retailing potentially one of the most dynamic sectors of the 1990s.

Revolution causes head-on conflicts

Planning

WILLIAM COCHRANE

THE RETAIL revolution is still under way as traders search for more sites and stores. This has caused head-on conflicts in areas like the South-east where these demands have met planning resistance.

Asda, for instance, which already has 83 stores, is campaigning to increase representation in London. This sort of expansion has been fiercely contested by Mr George Nicholson, the Greater London Council planning chairman, who has called for national policy guidelines to control superstore development.

He says that without such controls new shopping will concentrate in fewer locations, weaken the economic base of town centres, draw customers towards M25-associated roads, and harm regeneration of inner London. People with cars will benefit at the expense of the less mobile and less well off.

These objections have been prompted by three appeal decisions in which the Environment Secretary ignored the recommendations of his inspectors and granted permissions.

Inconsistencies at central government level over superstore planning decisions have been noted by Mr Harvey Cole, an economic and development consultant.

In a north Kent inquiry last year there were two competing proposals and the inspector gave two valid permission on the assumption that the operation of market forces would result in only one store being built.

In Chichester in 1979 there had been competing proposals from Fine Fare and Sainsbury, and the latter was picked out on its merits.

"Just when it appeared that a new principle might have been enshrined in the Secretary of State's approach to deciding possibly competitive shopping applications, a reversal back to his original position occurred," Mr Cole said.

"His inspector reported on two applications at Stratford-upon-Avon—one by the Co-op, which had been refused, and a scheme by Tesco, which had been called in."

Finding little to choose between the schemes, the inspector evaluated each site in land-use terms, recommended Tesco and was backed up by the Minister.

"It may yet fall to the courts to pronounce on the principles, or lack of them, involved."

Mr James Williams, of agents Drivers Jonas, says it is 20 years since the food superstore, with its competitively priced convenience goods in centres surrounded by free car parking, began challenging the British planning system's prediction for defined retail hierarchies.

"Today... the debate has been widened and it encompasses consideration of the growing number of retail warehouse parks, the historic announcement by Marks & Spencer that it would be looking for out-of-town locations, and the notion of major out-of-town regional centres on the scale of Brent Cross," he said.

"The question raised by these new proposals differ from those that apply to food superstores, and it is to be regretted that government and local authority policies are not specifically geared to deal with the present issues."

Mr Williams is clearly dealing with the question of impact upon established shopping facilities. The Minister has just ruled that impact on existing centres will not be grounds for refusal except perhaps when many superstores are involved.

Some developments are immense. The latest estimate for Cameron Hall's MetroCentre in the Gateshead enterprise zone is 1.25m sq ft. EZ's are fertile ground for the retail warehouse developer.

Initiatives

At Thurrock, Essex, there are two massive proposals from Town & City, and Capital & Counties/Pearson Lakeside — which have been welcomed by the local authority. A planning inquiry is expected to choose between the schemes.

At the Golden Triangle, the M1/M25 inter-section between St Albans and Watford, the local authority is fiercely resisting Town & City's plans for a mixed development with some retailing. It says the 90-acre Bricket Wood site is green belt.

These initiatives from the private sector are taking place against a framework of Government policies committed to the fostering of free enterprise deregulation.

So will anarchy rule? Mr Williams thinks not. Government and local authorities, he says, should eventually guide development towards a balanced retailing structure.

"The fostering of new primarily retail development schemes in the central areas of our towns and cities has been one of the more successful outcomes of the UK planning systems," he says.

"Reminders of what non-intervention could have brought about can be seen in many U.S. downtown areas. The key issue is achievement of balance and with the new pressures for high quality out of town durable centres the challenge to get the balance right is the greater."

Problems can arise in reshaping ageing shopping as a £4.5m project in Doncaster proved

Post-war centres in line for upgrading

Refurbishing

WILLIAM COCHRANE

MANY SHOPPING centre owners have reached the conclusion that much of their property built in the 25 to 30 years after the war is in need of some degree of refurbishment.

Such projects should be dealt with in stages, and always with the involvement of an experienced shopping centre architect, according to agents Healey & Baker, which set its own refurbishment package last year.

One such firm of architects, Leslie Jones & Partners, shows the problems that can arise in projects such as its work on Doncaster's Arndale Centre.

When the Prudential bought the centre it was quickly faced with the need to improve fire safety with smoke extraction facilities as well as general refurbishment.

"This Arndale was built in two phases, the first, dating back to 1967, being one of the first covered centres of its size and type in the UK," says Mr Andy Collins of LJ & P.

"The first phase was built before we had a national system of building regulations. There were building bylaws devised and enforced by local councils but they all had different ideas, and Doncaster's 1967 phase had no sprinkler system.

"The second phase has sprinklers, but since it was built the Fire Research Station and others have established that in modern shopping centres sprinklers do not help in the malls. The idea now is to let smoke rise to the top of the building where it can be dealt with by automatic smoke extraction."

The architects also had to work on general refurbishment of the centre, which is a linear development on a basic H plan, trading at ground floor and part first-floor levels with balcony access.

Parking is provided on the roof which is linked by a bridge to a multi-storey car park. Circulation within the centre was poor since links between the two shopping levels and the car park were at different locations, and not well indicated.

The centre was also showing signs of age — pitted terrazo flooring, white mosaic tiling falling off the outside of the building—and generally presented a dated image.

The overall monotony and type of finishes, similarity of lighting levels and absence of natural lighting contributed to the drabness.

Escalators

Punching holes in the ceiling for smoke extraction introduced some natural light. The team, however, went a lot further with the introduction of a central glazed atrium to provide a focal point for the centre. Ventricular circulation was improved by two, 16-person glazed lifts connecting all three levels and giving shoppers a bird's eye view of the centre.

"The atrium is the largest, aluminium-arched single-span in Europe," Mr Collins says. "It is fairly advanced technology for an aluminum structure. We can also get more precisioned engineering, smaller members and lighter structure."

This is an advantage at a time when enclosed malls are beginning to come in for criticism for their feeling of imprisoning the shopper.

New escalators link the ground and first floor, and a new staircase runs from first floor to the roof.

The architects also turned axis of circulation at balcony level across the north mall by removing a bridge running parallel to the mall entrances of Boots, British Homes Stores and C & A — which act as anchors for this end of the centre — installed two bridge links.

These should bring in shoppers — primarily through BHS — from Doncaster's prime external shopping pitch and take them past prime unit shopping to Sainsbury at the other end via two new escalators running from North to Central mall.

Another problem came to light when smoke extraction was created.

LJP architect Mr Chris Reading says: "When we knocked those holes in the roof we discovered blue asbestos on the steelwork. This was stripped by specialists with full protection for shoppers and workers."

All the refurbishing had to be done while thousands of shoppers passed through the centre, so air tests were done every morning before it opened.

The job was budgeted for about £4.5m—not cheap for a shopping centre refurb. But £1.5m of that was for building and services, "a high proportion for this sort of job," Mr Collins says.

The team was able to make savings elsewhere. "It would have been very expensive and disruptive to replace the original terrazo flooring," Mr Collins said. "Like the marble columns inside the centre it was generally in fair condition, so we are refinishing it instead."

Outside, the centre was very shabby, as most of the white mosaic had dropped off. LJ&P is replacing it with silver glass, which will reflect a distorted image of Marks & Spencer, on the other side of a pedestrian precinct.

The former British Airways west London air terminal is attracting interest as a possible conversion into a covered shopping centre, perhaps reclad as suggested by agents Richard Ellis and Weatherall Green & Smith (above). Two 40,000 sq ft open floors with 20 ft ceiling heights and a central atrium provide the unusual potential for a U.S.-style centre if a bold developer were willing to pay more than £12m for the 250,000 sq ft building—plus substantial refurbishing costs. Office, residential and hotel uses have also been suggested

Ringing tills attract property market

Investment

DAVID LAWSON

PROPERTY investors remain entranced with the retail sector as ringing tills are reflected in the continuously rising rents that traders are willing to pay. The best premises rarely stay long on the market, with traders and investors often fighting each other for the space, driving prices up and investment yields down.

Prime rents across the country rose by an average of almost 9.5 per cent in the 12 months to June on the back of a 10 per cent increase in the value of retail sales, according to agents Healey & Baker. This continued the trend of beating inflation and outperforming growth in competing forms of property investment like offices and industry.

There have been warnings in the past that the boom could not continue and investors buying at initial yields as low as 3.5 per cent would get their fingers burnt. Rising unemployment and limits on pay increases seemed certain to burst the bubble. Yet levels of rent growth in the high streets show no relation to unemployment levels in various regions, Healey & Baker says.

Over five years, regions like the North and North-west have shown the fastest increases in the UK, although admittedly because they started from a low base rent and supply of space is limited.

These growth levels have slowed this year in line with the national picture, showing that a two-year cycle of fast expansion may have ended. But the retail revolution is still going on, with many traders scrambling for relatively few quality developments across the UK. This should mean that growth will continue.

One new note of warning adds a rather large cloud to this bright horizon, however. The expansion has been mainly due to continued success of two or three leading multiple traders, according to agents Clive Lewis & Partners. It would only require a successful takeover bid to pull one out of the market and seriously affect the demand for premises. Those paying yields of 3.5 per cent should "tread very warily" because of this threat.

Alternatives to the favoured high street property investments are also beginning to raise doubts about such low yields. Out-of-town retailing has taken off properly, with 400 off-centre foodstores trading this year and 600 expected by 1990. DIY and furniture stores are growing in number while Marks & Spencer, Currys, Halfords and British Shoe are looking outside high streets for growth, Clive Lewis says.

Retail warehouses have finally gained respectability as investments, producing yields twice those of the high street. Courtaulds Pension Fund, for instance, has just paid £9.13m for 12 properties across the UK which it has leased back to Payless under a guarantee from parent company Marley. The average rent is £3.42 a sq ft and provides a "realistic" net initial yield of 10.3 per cent, according to Mr Matthew Oakshott, the investment manager.

There is still a small stigma raised by the lack of evidence on rental growth. This is reflected in the arrangement of normal five-year rent reviews geared to 130 per cent of standard warehouse rents or retail warehouse levels (whichever is the greater).

Agents Jones Lang Wootton see this as a gateway to a new investment market comprising more than 1,000 retail warehouses. Only 20 were offered in investment deals through JLW in 1980 compared with 100 last year—a quarter of which were bought. There is even evidence in the south-east that investors feel confident enough to offer terms based on ordinary open-market rent reviews because the sector has become so well-established.

This market will continue to expand, particularly with the development of off-centre retail parks which draw together big traders to support each other. But not all the aces lie with such town fringe developments. Shopping centres are in many places taking the limelight away from high streets—and providing spectacular returns.

"But it is a game only major investors can play," according to Mr Peter Sim, property investment director of Legal & General Assurance. He told the International Council of Shopping Centres meeting in Madrid that it costs £25m to £50m to develop a centre in the UK, which meant an investor needed assets 10 times that amount to limit exposure to a reasonable level.

L & G fits the bill well enough, with £2.7bn of assets and 40 per cent of its portfolio in shopping. It owns 14 shopping centres and has made some spectacular gains from them by aggressive management. Shopping is not like other property investment, Mr Sim said. You cannot just lease it off, then sit back and wait for returns.

In Preston, for instance, its centre valued at £9m in 1980 underwent radical refurbishment costing £6m, which doubled the property's worth by 1982. By 1984 this value had increased to £35m.

All this proved L & G's "commanding entrepreneurial stance" when there seemed little prospect of rent increases in Preston. Rises of 20 per cent would have to be achieved to pay for the reburishment, but the fund had the confidence to go ahead anyway. It achieved 30 per cent rises and the rents are still increasing.

Growth in retail rents

	Index (June 1977=100)	Growth Over the last 12 months %	PA compound since June 1977 %
West End	174	8.3	7.2
City	291	6.2	14.3
Suburban London	278	7.5	13.6
South East Prov	269	7.4	13.2
South East	263	7.3	12.8
South West	298	8.5	14.7
East Anglia	286	11.1	14.1
West Midlands	236	11.6	11.4
East Midlands	266	9.8	13.0
North West	268	11.6	13.1
North	291	8.7	14.6
Yorkshire & Humberside	297	15.6	14.5
Wales	259	6.0	12.6
Scotland	260	9.6	12.7
Retail Rent Index	268	9.4	13.1
Retail Price Index	205	6.9	9.4

Source: Healey and Baker.

Image is a make-or-break factor

Design

DAVID CHURCHILL

THE DESIGN input into superstore and shopping centre developments is of more than aesthetic importance. It represents an important element in the shopping environment which can make or break a retail development.

Such an attitude has only gradually impinged on British retailers over the past decade as they have been forced to become aggressive in marketing not only their products but also themselves. The bleak, aircraft-hangar type stores of the late 1960s and early 1970s are out of favour with the consumer of the 1980s.

In their place have come sympathetically designed stores and shopping centres with wall-climbing lifts, fountains, gardens and open spaces with plenty of natural light.

The trend towards making large stores and shopping centres more attractive has been helped by the emergence of consultancies who have taken up retail design with a vengeance. Names such as Fitch and Company and Michael Peters have developed from small consultancies into public companies.

The importance of good retail design, has been shown in the current bid by the Burton Group for the Debenhams department store chain. One of the cornerstones of the bid is its link with Sir Terence Conran, whose designers intend to give a major facelift to Debenhams stores.

They plan a "galleria" concept with shops within shops, clearly marked through the aid of design and open glass fronts. Debenhams has responded by employing three U.S. design consultancies to help it rejuvenate its stores through such means as special "walkways" and lighting.

Virtually all big high street stores have embraced new designs over the past few years in an attempt to lure customers into stores. Almost every shopping centre has a British Home Stores, Littlwoods, or other multiple retailer boasting new layouts. Even Marks & Spencer is giving its stores a new look.

Design of shopping centres has become a crucial part of their attraction. The Ridings in Wakefield gained an international award this year for its approach

Queensway furniture superstores, are also being given a changed image by Fitch & Company. The brief was to develop an already succesful trading formula with a new design applicable to different stores.

Mr Rune Gustafson, from Fitch, says that the key lay in identifying Queensway more closely with the home. "We wanted people to come to Queensway not only because they needed a new bed, but for ideas," he says.

"This meant getting rid of the unbroken lines of furniture and presenting the goods in a homely way."

The new interior of the revamped stores has an entrance hall with Queensway banners suspended from a double-height ceiling. This space is also used to display the "advertised feature." Primary routes marked by reflective ceiling finishes, head to the living, dining, and bedroom furnishings areas.

The outside was determined by the stores' edge-of-town locations, which meant they had to be easily seen from a car. Fitch has replaced the red identity logo with a new modern typestyle, introduced blue and yellow and emblazoned the name in big letters along the side of the pale grey buildings.

The letter "Q" has been reintroduced to stand alone on banners and ticket labels, on the building exterior and as a sculpture at the entrance.

Another facet of growth of design consultants is their involvement in the whole marketing effort. The Simon Design consultancy, for example, worked with the advertising agency and management of Home Charm (trading as Texas Homecare) to evolve a comprehensive design advertising, and merchandising package to develop the business in the fast growing DIY market.

There is an advantage in being able to co-ordinate all elements of the selling package whether it is the merchandise, advertising, structural design, interior layout, or graphics," says Mr Paul Hodgkinson, a director of Simons.

"Part of our task in the design of new large store units is to create the interest and excitement which can be found in the high street in a more rural environment."

The key factor, is "total involvement with the client before the new supersore or shopping centre development site or building is acquired."

TECHNOLOGY

EDITED BY ALAN CANE

A cheaper, easier way of mounting microchips is gaining favour, reports Alan Cane

Packing more punch on to printed circuit boards

A METHOD of mounting electronic components on printed circuit boards which makes possible new levels of miniaturisation at less cost is *rapidly gaining favour* with electronics companies and their customers worldwide. "This is the way everything is going," one said this week.

The technique is called surface mounting; the leads carrying electrical signals to and from the components are mounted directly *on* the board surface in contrast to the traditional method, called insertion mounting, where the leads are inserted in holes that have been drilled completely through the printed circuit board.

Surface mounting is being used for all kinds of electronic devices.

For example:

● U.S. car manufacturers like General Motors and Ford are making increasing use of surface mounted resistor and capacitor chips in their automobile wiring circuitry — chiefly, it seems, using chips from Japan, a country which is thought to have forged a lead in surface mounted technology.

● Japanese camera manufacturers are making extensive use of microprocessor chips surface bonded to flexible printed circuit boards for the compact electronic circuitry which makes possible miniature automatic cameras.

● Major computer manufacturers are using surface mounting to achieve the very high density of components they will require for the next generation of machines.

● Companies like STC in the UK are both using surface mounting for their own products and producing surface mounted components in volume.

STC *has developed, for example*, a device which takes input from four separate colour video feeds and channels them simultaneously down a single fibre optic cable. STC says that it would not have been cost effective to build such a device without surface mounting techniques.

So what are the advantages of surface mounting?

The first and most important advantage is space saving. Any industry *which* uses printed circuit boards in its products is certain to be able to achieve a massive increase in board packing density by moving to surface mounting. This means smaller boards and fewer boards of less weight.

Second, costs can be cut. According to the Integrated Circuit Engineering Corporation (ICE)*: "Surface mounting can reduce the cost of manufacturing a system. Fewer printed circuit boards are used, resulting in fewer interconnects and connectors, lower testing costs, smaller enclosures with less cooling apparatus and lower shipping and storage costs."

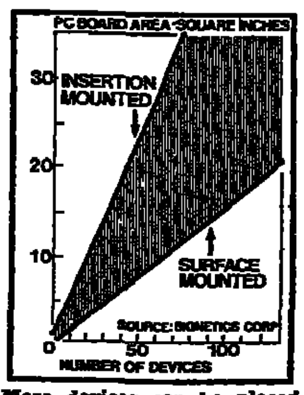
Furthermore, surface mounted boards can be cheaper and quicker to manufacture because the assembly process can be better automated than insertion mounting. The necessary pick and place equipment is smaller, cheaper, faster and more flexible than auto-insertion machinery.

ICE notes: "Future improvements in pick and place systems will include more automation and integration of the place*ment system with the other* operations such as solder paste application, inspection, solder reflow and cleaning. An increased use of robotics and pattern recognition is also expected. Developments in these areas are expensive, but the potential trillion dollar market for surface mounting is sufficient incentive to support this type of development."

Finally, there are intrinsic advantages in having components mounted directly on the printed circuit board. Such boards perform better at high speed because the conductors between the individual components are shorter and have less indnctance and capacitance. In today's densely packed integrated circuits, the chief speed barrier is usually the time the signal takes to move through these conductors rather than the chip circuitry itself.

But if everybody is convinced that surface mounting is the way to go and that a "trillion dollar" market exists as ICE suggests, why has surface mounting not taken the electronic world by storm?

After all, surface mounting has been around for many years in hybrid microelectronics — combinations of surface mounting and wire bonding. But as ICE points out, manufacturers without experience of this somewhat esoteric electronic assembly technique have found it hard to accept surface mounting in the absence of the infrastructure necessary to support the technique: "Without engineers who are familiar with *surface mounting technology*, the expense of developing the manufacturing process often *outweighs the advantages*. And if surface mounting equipment and materials are not commercially available, the potential user will be discouraged."



More devices can be placed on a printed circuit board using surface mounting

So cost and lack of experience have been against the printer circuit board assembler. Now, however, the position is changing rapidly. Semiconductor manufacturers are increasingly supplying their products in surface mountable form. Last week, for example, NCR the U.S. computer manufacturer announced it would supply its high performance read-only computer memory chips (ROMs) in a plastic leaded chip carrier, claiming it was the first ROM supplier to announce this surface mounting packaging option in a plastic package.

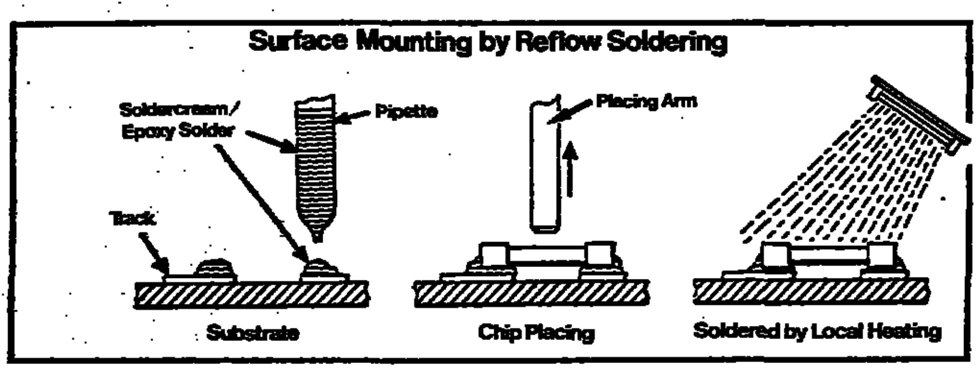
It said that its new plastic chip carriers required 70 per cent less space on the printed circuit board than conventional packaging.

Robots and computer controlled pick-and-place equipment is becoming available for board assembly and solder and epoxy manufacturers have developed materials specially suited to the surface mounting techniques.

Consultants expect this trend to continue. They argue that the cost of components for surface mounting must come down as the technique becomes more widespread. This will increase *the cost advantage of surface* mounting.

By 1990, ICE predicts, nearly half of all the new electronic designs will incorporate some form of surface mounting.

**Surface Mount Technology ICE 1985, available from IPI, Nordre Ringvey 201, 2600 Glostrup, Copenhagen, Denmark.*



Conventional flow-soldering, where the printed circuit board spass over a wave of molten solder can be used for surface mounting, but reflow soldering is more common. Solder is applied to the conductor tracks on the board as a cream or paste using a pipette. The chip is then placed automatically on the board so that it touches the solder paste. Local heating causes the solder to melt, fixing chip to board

Holograms can unlock secrets of human mind, says Soviet expert

Video & Film

BY JOHN CHITTOCK

JUST AS EARLY demonstrations of photography amazed the public by their representations of reality — and inspired the title of Fox Talbot's book the Pencil of Nature — so holography is now doing the same. The recently-opened London exhibition of Soviet holography (at the Trocadero in Shaftesbury Avenue) is indeed a spectacle to behold.

On display are more than 100 holograms of objects d'art — many of them treasures from the Hermitage museum. It is a rare opportunity for anyone interested in sculpture, ornaments and craftmanship to see almost the real thing without travelling to the USSR.

Holography is able to produce three-dimensional images in space with great fidelity; move your head, and the perspective changes exactly as it would in reality. Since the USSR is probably the world leader in holography, the exhibition represents the best examples yet seen in England — causing one visitor last week to complain seriously to the organisers: "Well, I've seen the *objects* — but where are the holograms?"

'The Soviet lead in holography is impressive'

The Soviet lead in holography is impressive on *many* fronts. *They were the first to demonstrate* (in 1977) motion picture holography — albeit a crude system — and have produced special photographic emulsions which some holographers claim are unrivalled in meeting the demanding specifications of holography.

They have made full-colour holograms of acceptable quality — examples of which are in the London exhibition. And one of the Russian team now in London — Dr Boris Turukhano — has patented a video disc system based on holography in which visual information is read optically rather than elec*tronically*.

Surprisingly in this electronic age, holography is an entirely optical process. The object is illuminated with coherent light; that is, light in which all of its waveforms coincide — as with a laser. A photographic plate is placed to receive reflected light from the object, and also light direct from the illuminant. Light reflected from the object reaches the photographic plate via a longer route than the incident light — depending on the shape and distance of different parts of the object, it arrives more or less out of phase with the incident light, thus causing interference patterns.

This mosaic of waveforms, *faithfully* recorded in the depth of the emulsion, is effectively a coded pattern (or interference filter) unique to the shape of the object. When light is shone through the processed emulsion, the microscopic pattern of densities recreates the original wave forms *of the object as seen from any* angle. In consequence, a 3D image appears in space.

The applications for holography seem to expand with the imagination. Apart from 3D pictures and security logos on credit cards, holograms have many other uses. They can be measured with callipers, and this has enabled one hospital to store dental moulds on holographic film to save space. In non-destructive testing of materials they will reveal stress — because the slightest dimensional changes in the object cause the interference patterns to change. And because holograms bend and filter light, it is possible to make a hologram behave like a lens system — albeit within the very thin layer of a flat photographic emulsion.

One application for this now gaining acceptance is in "head-up" displays in aircraft. Nowadays the pilot's view ahead can have instrument readings superimposed, via an angled sheet of glass. By using a holographic "lens" instead of a sheet of glass, a much brighter image of the instruments can be seen—illuminated by light of a specific wavelength, collected and focused as it were by the "lens," and unimpaired by ambient lighting because the hologram will filter out all other reflected frequencies.

The holographic lens idea is bound to throw up many new applications so far unconsidered. In the meantime, holographers are exploring other lines of research, including ways of producing 3D pictures on television.

There seem to be insuperable problems with holographic television. But by replacing the conventional cathode ray tube with a flat thermo-plastic screen, some researchers believe that this can be made *to behave somewhat like a* volatile photographic emulsion — with holographic patterns continuously changing in response to the TV signal and regulating a projected light source.

Dr Turukhano believes that holograms have something in common with the human brain. Contemporary ideas about how the brain works suggest that its storage capacity depends not on the allocation of dedicated points (so-called neurons) to *specific memory* functions, but on the complex linkage in three-dimensions of various neurons for various permutations of memory.

'Holographers are seeking ways of making 3D TV'

He argues that a hologram is similar. Its remarkable ability to store information is based on the interference pattern—not on single points of data. Its currency is electro-magnetic energy, as meaningless as electrical impulses in the brain until external objects modulate and program the data store. In human experience, external programming penetrates deeply into the unconscious mind and needs Freudian-like triggers to release it — like the hologram must have light of the right characteristics to unlock its secrets.

Dr Turukhano sees another parallel. Because the hologram uses no lenses and receives all of the information from the object at every point of its surface, a broken fragment of a hologram will still reconstruct a complete picture. The same happens with the brain—dam*age to one part, or the daily loss* of thousands of cells through ageing, does not necessarily cause total loss of functions.

Finding a practical connection between the brain and the hologram is the challenge. But it is no more improbable than holography must have seemed before it existed.

U.S. adviser on IT opens UK office

Index Systems, based in Cambridge, Massachussetts, has set up a European office in London.

Known as Index International, the new subsidiary aims to help organisations achieve business success *through exploiting* information technology.

Index htas a client list which includes companies like AT&T, Atlantic Richfield, Bank of America, British Petroleum, General Mills, Honeywell and Morgan Guaranty Trust Company.

Richard Heygate, a director in London, says his company takes the widest possible view of consultancy in computing. He asserts that although there are consultancies that cover implementation at one end of the spectrum and top management strategy at the other, his is one of the few that can deal with both. More on 01-629 3225.

Ferranti in credit card deal

ON-LINE Card Services, the company formed jointly by the major credit card companies to market card authorisation terminals to retailers, has ordered terminals worth £0.4m from Ferranti GTE.

By "wiping" a card through the reader, the Datea 2000 transaction telephone automatically transmits details of a sale to the appropriate card company's computer. It displays the returned authorisation number and will ask sales staff to lift the receiver and establish a phone conversation if there is a problem.

The transaction terminal can be used as a telephone and data terminal in other circumstances—for example, in hospital registration, flexible working hours recording, security, or as an electronic timesheet where time-costed tasks are the norm.

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South Africa and the West

THERE is a note of tragic inevitability about the events in South Africa over the past 12 months, culminating in Saturday's declaration of a state of emergency. This decision, while attempting to tackle the symptoms of the republic's deep political malaise, only exacerbates the causes.

It is now patently clear that the new constitution endorsed by white South Africa in 1983 and which introduced coloureds (mixed race) and Indians into a tri-cameral assembly has been a failure. South Africa's friends and critics alike warned at the time that the constitution failed to address the issue which has always been at the heart of the country's political tensions: the increasingly urgent need to meet the aspirations of the black majority.

Although two thirds of the white electroate supported the changes in the referendum in November 1983, some prominent members of the business community warned that it represented a "gratuitous insult," as one industrialist put it, to the excluded black population.

He and other oponenets have been proved right. The consequeneces of this flawed attempt at reform have been the very reverse of what the constitution's architects envisaged. Not only did it polarise rather than reconcile the black and white communities. It acted as a catalyst for the turmoil that marks South African society today and helped inspire the creation of the United Democratic Front (UDF), which rapidly became the largest single legal opposition grouping.

The UDF proved able to channel the frustration and impatience of non-whites into a successful boycott of the August 1984 elections to the new coloured and Indian chambers, while at the same time beginning a campaign to undermine the authority of white government and its representatives in the black townships. The Government reacted in characteristic fashion. Rather than reassess the merits of a constitution resoundingly rejected by the non-white communities, the authorities detained key members of the UDF.

At the same time the Government has, by refusing to allow the issue of power sharing on the agenda, ruled out meaningful constitutional talks with those black leaders still at large, such as Chief Gatsha Buthelezi, head of the powerful Zulu dominated Inkatha movement.

As South Africa's crisis gathers momentum the cautious extra-constitutional reforms of the past year, which are welcome albeit inadequate, become less and less relevant. The violence in which nearly 500 people have died underlines the fact that tinkering with apartheid is not enough. If the Government is committed to real reform, no single move would do more for its credibility than the scraping of influx control laws and an immediate end to forced resettlement of blacks. At the same time, the Government must commit itself publicly and unambiguously to the principle of equitable power-sharing.

The form that this will take, however, cannot be determined by the white community alone. The violence that is now endemic will end only when the Government starts talking with the black leaders, including Mr Nelson Mandela, the jailed president of the banned African National Congress.

If the rapid deterioration over the past year does not bring home the need for such talks to the South African government, it should at least inspire a sense of urgency in the West.

Sanctions

Unfortunately the United States, which should be playing a leading role, has a southern Africa policy which appears confused. President Reagan's repeated commitment to constructive engagement—which has failed to hasten the pace of reform in South Africa or to break the deadlock over Namibia (South-West Africa)—is contradicted by both houses of Congress which have approved selective economic sanctions against South Africa.

Yet the United States, whatever President Reagan's misgivings about sanctions, is in the best position to stress to Pretoria the depth of western concern. There is also a pressing need for the European countries to coordinate their strategy towards South Africa and initiate a carefully thought-out response to the crisis. The most important and complex issue to be resolved is that of economic sanctions. It remains far from clear that even selective measures will hasten the process of reform, but an assessment of the range of possible sanctions is long overdue. Above all, Europe and the U.S. must speak with one voice in urging the South African government to deal with the violence at its roots, and begin talks on constitutional reforms with leaders of the black majority.

Lessons of the lira crisis

THE sudden devaluation of the Italian lira over the weekend raises some awkward questions about the usefulness of the European Monetary System, as well as about the effectiveness of the Italian Government's efforts to manage its notoriously wayward economy.

Since its inception six years ago, the EMS has had two major objectives. A "ring-fence" of currency stability was to enable Europe to continue developing into a unified economic bloc.

The second major objective of the EMS was an essential precondition for the achievement of the first: domestic macro-economic policies in each of the EMS member countries were to converge towards consistent targets, particularly in the fight against inflation.

The short-term effects of the lira devaluation are undoubtedly unhelpful with respect to the first of these objectives. The success of the EMS members in avoiding a realignment since March, 1983, did much to enhance the credibility of the system in the foreign exchange markets. Now that the two-year record of stability has been broken, there is a danger that the markets will begin to anticipate further realignments. The appearance of a panic reaction to the heavy selling pressure on the lira in Milan on Friday was particularly unfortunate.

One of the most important tactical aims of the EMS is to prevent foreign exchange speculators from forcing devaluations on reluctant governments — the Italian authorities now have a lot of explaining to do, since the major speculator against the lira in this case appears to have been ENI, the Government's own nationalised oil company. The fact remains, however, that the devaluation did not come after the sort of long and costly battle against speculators seen before past EMS realignments; it will not necessarily be seen in the foreign exchanges as evidence that the European central banks have lost their nerve in defending EMS parities.

Conclusions must also be ambiguous on the second objective of the EMS—policy convergence. As long as Italy's inflation rate continued at around 8 per cent, in comparison with Germany's 2 per cent, a readjustment of the exchange rate was inevitable sooner or later. It must be said, on the other hand, that the existence of the EMS does seem to have contributed to the reduction of inflation differentials among the majority of EMS countries—it is notable, for example, that the inflation rate in France is now marginally lower than in Britain.

Implications

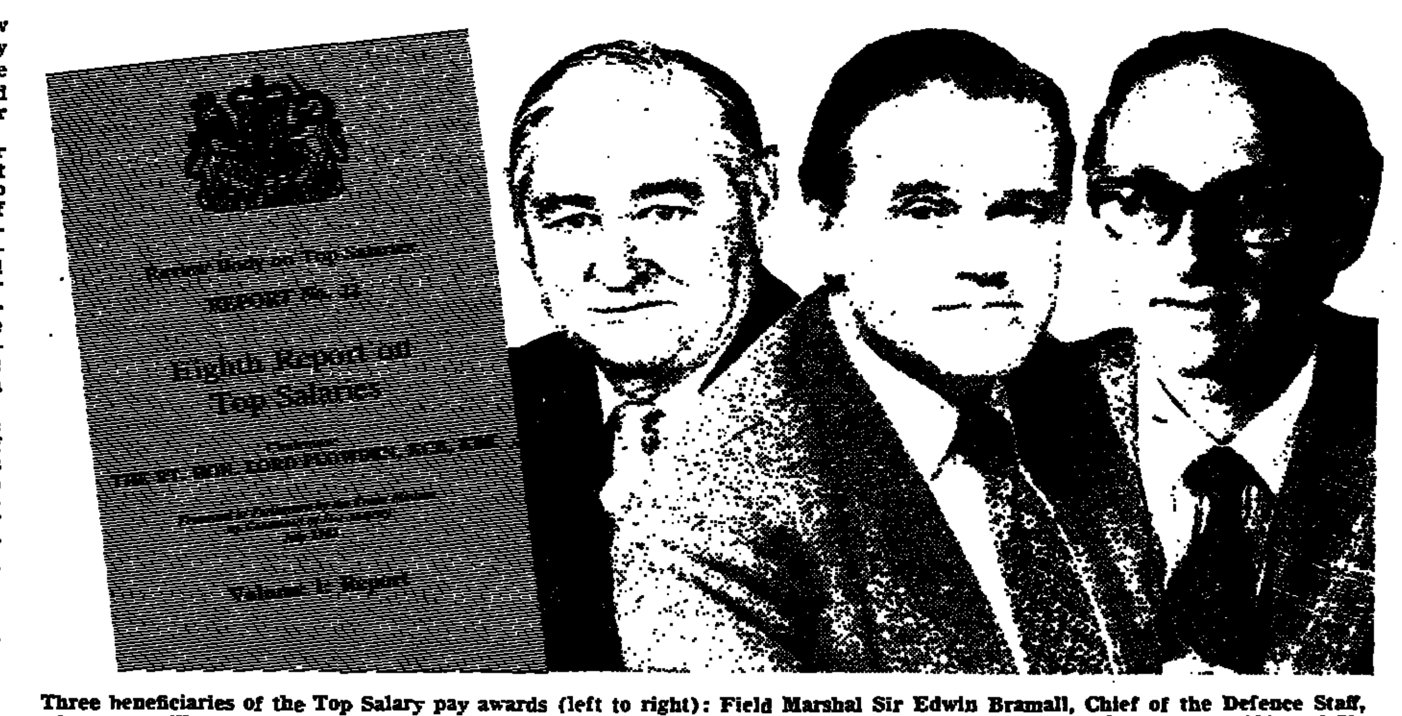
In Italy's case, however, the anti-inflation effort has been insufficient. External pressure has helped to stiffen Italian resolve to modify wage indexation and there have been plenty of good intentions in Rome to bring the public sector deficit under control. A stage army of budget cuts, reductions in subsidies and social security reforms have been trotted out frequently in the past; but it was high time, even before the weekend's devaluation, to bring these policies into real effect. With no elections in the offing and the lira exchange rate reduced to a more comfortable level, the Italian Government must now show total determination to reduce inflation and support its currency unless it is prepared to risk bringing the whole philosophy behind the EMS into disrepute.

Other governments, too, will be considering the implications of the weekend's events. For Britain it will be tempting to sneer. British officials have long argued that any attempt to incorporate sterling within the exchange rate mechanism would have torn the whole system apart long ago. With its petro-currency status and its role as a reserve currency, sterling is inherently too unstable to be linked to other European currencies, the conventional wisdom goes. The question which the Treasury must answer, however, is whether it wants to exaggerate or dampen the swings in the exchange rate due to these characteristics of sterling. If the Government wants more, rather than less, currency stability, it might well be easier to achieve this within a system which, for all its shortcomings, looks as if it will stand the test of time.

UK TOP PEOPLE'S PAY

Thank you, Minister, but...

By Sue Cameron



Three beneficiaries of the Top Salary pay awards (left to right): Field Marshal Sir Edwin Bramall, Chief of the Defence Staff, whose pay will rise to £75,000; Sir Robert Armstrong, head of the civil service and Cabinet Secretary—also up to £75,000; and Sir Peter Middleton, Permanent Secretary at th eTreasury—now to be paid £70,000

THE furious political row over last week's big pay increases for top people in Britain has so far centred primarily on awards to senior civil servants.

Th storm erupted after publication of the latest report from the Review Body on Top Salaries, which the House of Commons will be debating today. The report, whose recommendations have been accepted by the Government, calls for senior people in the civil service, the armed forces and the judiciary to be given pay increases averaging between 12.2 per cent and 17.6 per cent in a full year.

Yet Opposition leaders, the press and—seemingly—many of the Government's own grass roots supporters have chosen to concentrate on the civil service and on the report's award of a dramatic 46 per cent rise for its head, Sir Robert Armstrong.

Clearly there is still considerable political mileage to be made from the size of Sir Robert's pay rise. But a far more important question in the longer term is the extent to which the report's recommendations will succeed in their stated aim of improving morale in Whitehall and of helping with the recruitment and retention of top calibre officials.

The report itself sums up some of the trends that have privately been worrying senior civil servants for some time.

"The picture we have formed," it says, "is a highly disturbing one. Morale in the civil service, if not commitment and motivation, appears to be at an exceptionally low ebb . . . We find unmistakable signs of a widespread sense of disenchantment and restlessness within the service . . . This has not yet translated itself into a retention problem of any great magnitude. The warning signs are there, however."

CIVIL SERVICE PAY

Grade	1980	1985
Principal	£14,000	£18,363
Assist. Secretary	£19,500	£25,533
Under Secretary	£20,500	£29,500
Depty. Secretary	£26,215	£36,500
Perm. Secretary	£33,170	£45,500

NB: The final column shows current salaries. Pay rises in earlier years have usually fallen in the middle of a calendar year.

The report lists some of the main reasons:

● Promotion blockages coming in the wake of the substantial cuts made in civil service numbers since the present government came to power in 1979. The report says staff cuts in the top three grades of the civil service since 1979 approach 20 per cent although early retirements have helped to offset this to an extent

● A feeling among officials themselves that the civil service "has declined in public and ministerial esteem."

● Growing difficulties in Whitehall's ability to recruit an adequate number of top calibre graduates. The report says it is possible that the Civil Service obtained "more than its fair share of the best graduates" in the past.

The initial reaction to the report in Whitehall suggests that the review body—and even more the Government—has succeeded in giving a fillip to morale.

"I think most of my colleagues are delighted that the Government has now recognised formally that there is a problem," says one under secretary (the third rank down from the top and the lowest of the levels considered by the report). "But I think most of us also feel surprised that the Government has accepted the recommendations. We are horrified by the reaction in the press. The furore demonstrates that you do need a strong Government to put up with the kind of rows that occur whenever there is any attempt to increase the pay of senior civil servants.

He adds: "Whether or not able officials stop leaving the civil service will depend on other issues besides pay. I think one thing that's needed is the point that has been made before about Ministers praising us through gritted teeth. Perhaps if they could stroke us more if we do well instead of just kicking us when we do badly, it would help. But the awards could be a sign of a general change of attitude towards the civil service on the Government's part. And I believe it will make people think twice about leaving."

The departure of able principals, assistant secretaries and under secretaries—fifth, fourth and third from the top respectively—is a new phenomenon and one that has been giving civil service managers increasing cause for concern. Those who leave go to stimulating jobs in the private sector—particularly in areas such as banking and financial services—at much higher salaries than they would earn in Whitehall. As yet, the numbers involved are tiny. But as the report points out, the losses include a "significant number" of the most able officials.

One senior civil servant who welcomed the report, noted that it seemed to mark a "more appreciative attitude" on the Government's part.

"I think principals and assistant secretaries in their early 30's are still going to be vulnerable," he said. "And there is no doubt that the City is on the prowl and is looking for officials to recruit."

The promotion blockages have been caused not only by the Government's decision to reduce numbers overell but also by a recruitment bulge in the late 1960s and early 1970s. Increasing competition for promotions within Whitehall has been one factor in persuading some high calibre people to look for jobs outside the civil service. But perhaps another has been what one senior man called "the snowball effect."

"If you have one first-rate under secretary or assistant secretary going to the private sector to do a stimulating job—and it must be a stimulating job or no one will move—at a far higher salary, then other able people in the Department are going to start wondering if they can do as well outside. As the trickle out of Whitehall grows, the private sector in turn becomes much more aware that there is this pool of exteremly good people

Uncertainty about the pace of promotion is often stressed. One under secretary spoke of a colleague who "in times past could have relied on marching steadily up the ladder to become a permanent secretary." But the individual concerned had identified four strong competitors within his department for being made permanent secretary when the time came.

The statistics show that between 1980 and 1984, people in the top three grades of the civil service were leaving at the rate of only 2 per cent a year. The numbers have been comparatively small — this year there are 490 under secretaries, down from 523 in 1983.

The figures for graduate recruitment — the so-called "seed corn" of the home civil service — show a decidedly more worrying trend for Whitehall managers. For in each of the past three years, the Civil Service Commissioners have been unable to find enough high flying recruits to fill all their vacancies for administrative trainees.

The report admits that it is much harder to link the success of graduate recruitment to the pay of the most senior civil servants.

Mr John Ward, general secretary of the First Division Association, the top civil servants' trade union, points out that under secretaries were to have their London weighting allowance of £1,365 consolidated into their recommended pay rises. When this is taken into account, the lowest of the three under secretary pay scales will go up by only 0.5 per cent in July. Mr Ward commented that "people in Whitehall are not exactly dancing up and down" with delight at the report—but he admitted that the FDA was "pleased" and that the awards took senior civil servants' pay "slightly nearer that of the private sector."

Yet while most believe that the latest Civil Service pay awards have improved morale, there are some who think that talk of poor pay, of people leaving and of general dejection are being overdone.

One senior official was heard to say: "OK, promotion is being squeezed and we're not being paid what we would be — theoretically—outside. But my department is not full of people complaining that they are underpaid and that they want to leave.

"I believe people are as content now as in the past. There is not a rush to find private sector jobs and pay on entry still stands up pretty well against what industry and commerce can offer.

PRIVATE SECTOR PAY

Non-financial companies—October 1984 Median pay.

Grade	Company turnover £67m-£145m	£620m-£1.1bn
Chief executive	£53,100	£95,500
Dep. chf. exec.	£40,000	£74,000
Oth. Bd. membs.	£34,000	£54,000
Senior execs. reporting to Bd.	£23,800	£36,400

Source: Eighth Report on Top Salaries—Office of Manpower Economics.

WHAT THE SALARY RATES ARE ELSEWHERE

BRITAIN APPEARS to have more difficulty attracting and retaining top calibre civil servants than either the U.S. or many continental countries. But this may well reflect the greater job mobility in other countries' civil services.

Firm facts on the pay of top civil servants in other countries are often hard to glean. But two points emerge from the available statistics.

● Whitehall pay levels are not markedly lower — and can be higher — than equivalent salaries for similar jobs abroad.

● The complaint that senior people in industry earn more than top officials is not confined to Britain. Other countries have similar problems in, for example, attracting the cream of the university graduates into the public service.

Comparisons with France are particularly difficult — but top civil servants there can expect salaries of around FFr 40,000 a month, which is just under £40,000 a year and therefore lower than the pay of a British Permanent Secretary. But Professor Fred Ridley, professor of political theory and institutions at Liverpool university, notes wryly:

"The French have a system of doubling or even trebling their basic civil service pay. For example, many company boards in France are tripartite and have union and Government representatives on them. But a French civil servant can and does earn a normal board-level salary if he is appointed to a company. And he has that on top of his usual civil service pay. There is no bar, either, on French civil servants acting as, say, consultants. And again they can accept a 'second' salary."

In West Germany a staatssekretär—the equivalent of a permanent secretary in the UK—earns DM 12,565.51 per month plus a monthly allowance that starts at DM 819 for a single person and goes up according to marital status and number of children. The total basic at this level is therefore just over £40,000

Comparisons with the U.S. are dangerous because so many American civil servants are elected or are political appointees. But a U.S. deputy secretary, who might be the director of a Government agency and therefore roughly equivalent to a permanent secretary in the UK, currently earns $75,100 a year—£57,700—and therefore slightly less than what UK permanent secretaries will earn

But pay is not all—as most UK top officials would agree. Job security, considerable influence in Government and an unduly high proportion of honours in the form of Knighthoods are among the intangible rewards

Men and Matters

Tate looks to the futures

Saxon Tate moves from one beleaguered position to another in quitting a year early as chief executive of the Northern Ireland Industrial Development Board to become chairman of the London Commodity Exchange.

The Commodity Exchange will certainly be no sinecure. The new chairman will be expected to spearhead the struggle by the London commodity futures markets to reverse the declining trend in trading activity which is threatening their very existence.

Some of the ground on which Tate, aged 53, will have to fight will at least be familiar. The London sugar futures market is probably the worst hit by competition from rival exchanges in New York and Paris. And Tate worked for the family firm, Tate & Lyle, for over 30 years, serving as chief executive from 1973-80 during one of the group's most traumatic periods of transition from boom to lean years.

Tate remains a non-executive director of the company and has kept in touch with the sugar market. But there will be no conflict of interest, he says, otherwise he would not have taken the job. Gone are the days when Tate & Lyle was the benevolent dictator of London sugar futures.

Tate says he is sorry to be leaving Northern Ireland where the IDB is about to embark on a new strategy. "But there is an important job to be done in London, with futures business slipping away and an urgent need to attract more investment interest."

Private style

When Robert Haas joined the family business Levi Strauss 12 years ago he not only had the right qualifications for management, he was also typical of a generation that had done much to boost the image of the company's prime products, blue jeans.

The young Robert marched with the civil rights movement, and his concern for fellow man even took him to Africa with the Peace Corps.

Trade expanded for Levi Strauss and the workforce reached nearly 50,000 worldwide by 1980. But by last year, Robert, now at the top of the world's biggest clothing manufacturer, was faced with the need to axe thousands of jobs.

He has sought to complete that task as humanely as possible by redeployment. Even so some 6,000 employees have had to go during the last year.

Now that Levi Strauss is on a recovery course, designed to safeguard the 37,000 jobs remaining in a tougher market, he has won financial backing for a $1.67bn buyout to return the company after 14 years to the hands of those he believes can best nurture it—the family. Haas is a great-great-nephew of Levi Strauss who started the business 130 years ago.

He says that private ownership will be the best way to ensure Levi Strauss continues to respect and implement its social responsibilities, employee relations, commitment to employees, and community affairs.

Those virtues may strike an odd note from a company in a land where busines is usually concerned with the survival of the fittest.

But since his days at Berkeley College, Haas, aged 43, has put his social conscience to use. As well as running Levi Strauss he has recently found time to be a director of a housing development programme to help low income housing in San Francisco. He has also been a leading figure in the Bay Area's United Way, which is well known for its charitable fund-raising.

"Lot 45—an ex-Chairman's desk, blotter, inkstand . ."

Jay's call

PETER JAY, former British ambassador to Washington and one-time chief executive of the commercial breakfast channel TV-am, has returned to the fray as television pundit.

Writing in Televisual magazine today, Jay lambasts "the squalid compromises of living with a mediaeval broadcasting regime" which he believes is akin to the chartered guilds.

Jay wants to see the end of oligarchy and a free electronic publishing market established through the creation of a national fibre optic grid of near infinite capacity. Programme makers would have easy access to the grid. The public would choose what it wanted and be charged on a use basis as for telephone calls. The marketplace would reign supreme.

Jay is less than specific on where the national grid will come from, or on the cost of metering technology. But he issues a clarion call to Prof Peacock, now looking into alternative methods of financing the BBC.

The professor, Jay argues, should "cleanse the Augean stables by diverting the cool, clear and impartial waters of the free and competitive marketplace straight through the middle of the whole stinking mess."

If the task is Herculean, he adds, "then Hercules should be sent for."

Plumbing leaks

"The Stock Exchange is always newsworthy, but for the foreseeable future will probably attract more than its fair share of media attention." So writes Stock Exchange chief executive, Jeffrey Knight, to his staff.

The burden of his message is that no information should be "leaked" to the fourth estate. A five point approach for dealing with the press is detailed. It stipulates that the press office "is the normal first line for dealing with press inquiries."

The letter orders staff receiving inquiries to refer them to the press office. "With the exception of providing published information, no member of staff other than the press office and members of the executive board are authorise to speak to the press."

Knight expects the terms of his note to be strictly observed. "Failure to comply with these rules will be regarded seriously and may result in formal disciplinary action."

What can that entail? Forty lashes with a rolled-up copy of the FT perhaps?

Practical girl

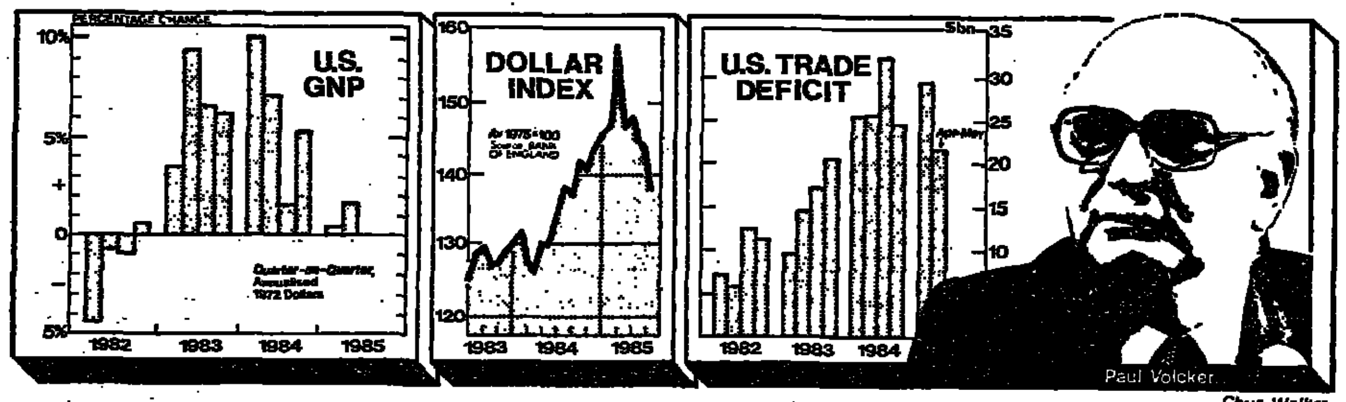
Heard from a young man in a Chelsea pub: "Romantic? When I asked her what her favourite flower was she said 'Wholemeal.'"

Observer

U.S. ECONOMY

Fed walks a new tightrope

By Stewart Fleming in Washington



Chris Walker

FEDERAL RESERVE BOARD officials will be holding their breath in the next few weeks as they wait to see if their gamble to keep the U.S. economy moving forward pays off.

As the Commerce Department revealed last week that the U.S. economy grew at an annual rate of only 1 per cent in the first six months of the year, Mr Paul Volcker, Fed chairman, told Congress the Central Bank was going to ignore what some economists fear are the early warning signs of another burst of inflation.

With the U.S. economy poised in what Mr David Hale of Kemper Financial Services describes as a "cyclical twilight zone" which is neither recession nor prosperity, Mr Volcker said the Fed would not respond to the excessive growth in money supply in the first half of the year and start to tighten its monetary reins. It is a decision which has sparked an intense debate about the Fed's credibility as a bulwark against inflation.

Mr Volcker justified the move in part on the grounds that all the other indicators watched by the Fed do not suggest that inflation is about to break out of control and citing changes in savings behaviour he recalled a similar decision to ignore signals being sent by excessive monetary growth in 1982-83.

Then, as he put it: "Rapid growth of M1 was correctly judged not to presage a resurgence of inflationary pressures."

Economists are worried that they may be watching an old newsreel

The Fed chairman himself seemed at times to be ill at ease with the Central Bank's decision. On the one hand he stressed his hopes that inflation would remain subdued, saying that next year it could be even lower than the 4-5 per cent the Fed forecasts.

But in the next breath he warned of the "gross imbalances" building in the U.S. economy as a result of the huge federal budget deficit; and expressed his fear that a sharp plunge in the dollar represented "the greatest *single potential* threat to the progress we have made against inflation."

With international investors *holding billions of dollars*, signs that the central bank might be succumbing to political pressures to inflate the economy could help to trigger just such a decline.

Mr Volcker and his colleagues are well aware that sharp *distinctions can* be drawn between the 1982-83 decision to ignore rapid monetary expansion and the Fed's superficially similar choice this month.

Arguably the most important differences are that in 1982-83 the U.S. economy was only just emerging from a deep recession and the surging dollar then testified both to the credibility of the Central *Bank's anti-inflation credentials* and to international confidence in the Reagan administration's economic policies.

Today the dollar, which has helped shield the U.S. from inflationary pressures, has been falling since its February peak. It is widely perceived in the financial markets to have begun its long-awaited correction.

This time there is also the apparent breakdown of efforts to piece together a convincing budget deficit reduction package, associated fears of budget deficits of \$200bn a year "as far as the eye can see" to use Budget Director David Stockman's vivid image, and concerns about the political (not just the physical) health of the President himself.

The financial markets have initially responded quite well to the Fed chairman's delicate balancing act. Neither the dollar nor the bond market lapsed into the sort of free fall which would develop if confidence was being rapidly eroded.

It is not just monetarist economists who are worried that they may be watching an old newsreel — in which the Central Bank, under political pressure, ignores inflationary indicators until it is too late and so paves the way for the inflation it is fighting. For it is widely recognised that the Central Bank could be facing some stormy weather ahead.

Even as Mr Volcker was discussing the *economy* and Fed policy before Senate and House committees, some Reagan Administration officials were issuing none too subtle reminders that they do not entirely share his views.

Mr Malcolm Baldrige, the Commerce Department Secretary, remarked that with figures showing that real gross national product rose at an annual rate of only 1.7 per cent in the second quarter, "the dangers of inflation from a declining dollar have been overstated."

He wanted to see the dollar down 25 per cent over the next 12 to 18 months.

While Mr Volcker told Congress that he "did not know," how the U.S. could make up the capital shortfall if the trade deficit but not the budget deficit were cut, Mr Robert Ortner, *Chief* Economist at *the* Commerce Department, was playing down the problem. Foreigners, he told the House Banking Committee, only supplied \$60bn to the U.S. credit markets last year and that could be replaced from domestic sources if the Fed allowed the economy to grow sufficiently rapidly.

But it is not just the emerging differences of emphasis between the Fed and the Administration which will make it harder for the Fed to retain *confidence in its policies* and the dollar.

Probably by January, President Reagan will have announced two new appointments to the Board *of* Governors of the Federal Reserve. How, *it* is asked, will this affect the policy choices the Fed makes? Will it perhaps put pressure on the Fed chairman to quit early—something Mr Volcker said last week he had no plans to do.

The trade deficit is forecast to rise to near \$150bn this year

If monetary growth slows in the second half of this year and the economy matches the 4 per cent annual growth rate the Fed projects some of these political pressures may ease. But as Mr Roger Kubarych, Chief Economist at the conference board and himself a former Fed official says, economic forecasters are deeply split.

According to the blue chip survey of economic forecasts *most economists agree that* the chances of a modest recovery are good. One reason is that although real growth has been running at only 1 per cent annual rate in the first half of *this year*, *underlying* demand in the economy, as Mr Volcker pointed out, has been running at a quite healthy 5-6 per cent.

Several factors account for the weak GNP figures including swings in the inventory cycle. But above all, the main culprit has been the rapid deterioration in the U.S. trade balance with the siphoning off of domestic demand to foreign supplies.

The trade deficit, which soared to \$123bn last year, is officially forecast to rise to nearer \$150bn this year. "We have two economies, one of *which is in recession and one of* of which is in a boom," says Dr William Griggs, an economic consultant in New York.

Underlining the contrast between the vigorous expansion in sectors such as services and construction—which are not being hit by foreign competition —and the travails of the traded goods sector, Mr Hale points out that the U.S. economy has created more than 1.3m jobs *during the past six months* while over 160,000 manufacturing jobs have been lost.

The complexities this creates for monetary policy are underlined by the fact that the Fed has been easing interest rates down for a year now in an attempt to stimulate growth.

But the economy during this period has limped along at a real annual rate of only 2 per cent.

Mr Kubarych points out that Fed officials have been predicting since the beginning of the year that monetary stimulation would revive the economy. He expects growth in the second half of only a bit more than 2 per cent and points to the fact that even some interest rate sensitive sectors such as housing and car sales have been relatively weak recently.

At the same time, he does not see the second quarter revival in capital spending as convincing evidence of an upswing in this sector. Mr Steven Roach of Morgan Stanley is one of several economists who argue that there are also signs that the weakness in the manufacturing sector is spreading to business services.

There are concerns too that the uncertainties surrounding President Reagan's tax reform proposals are also weighing on the spending decisions of consumers and businesses alike.

The more optimistic viewpoint expressed by Mr Baldrige at the Commerce Department is that rebuilding of now-depleted stocks, continued healthy consumer demand, some slowdown in the deterioration in the trade accounts and a continued revival in capital spending, will help the economy to pick up.

'We have two economies, one in recession and one in a boom'

Mr Hale adds that seasonal factors not fully accounted for in the seasonal adjustments will give the economy a boost in the *third* quarter.

Modest inflation rates are giving the Fed a little room for manoeuvre. But Mr Volcker made it clear in his testimony that to grapple with the complexity of the problems it faces the Central Bank needs help — from Washington on the budget, and from other industrial countries in the shape of faster economic growth. So far at least there is not much evidence that he is about to get it.

Lombard

Risks ahead for French right

By David Marsh in Paris

IT IS DIFFICULT not to feel a twinge of sympathy for France's right-wing Opposition during the run-up to next March's parliamentary elections. *Opinion* polls—and even President Francois Mitterrand —have indicated that the right will win. But the economic and political path after next spring will be slippery, full of potholes—and may conceal one or *two booby-traps*.

In line with the world-wide move towards deregulation and liberal economic management, the right has put forward a platform of policies which have a lot in common with those that have brought to power, and kept there, President Reagan and Mrs Margaret Thatcher. They include tax cuts, an assault on state spending, lifting of price, and exchange controls and widespread denationalisation.

At a time when the French Socialists have threatened to take the wind out of the Opposition's sails by progressively moving to tough, market-oriented economic policies, the right has perfectly valid marketing reasons for taking a radical stance.

But there are several grounds for believing that the right's programme will be highly difficult in the short term to put into effect without endangering France's hard-won and still only partial success in reducing inflation. Now that the Socialists have practically lost all illusions about the existence of any easy answers on running the economy, it is ironic to discover that the Opposition may be inventing a few of its own.

● The main constraint—recognised by some of the right's economic thinkers—comes from the domestic and *international* economic environment. With the franc relatively over-valued in the European Monetary System and the U.S. perhaps headed for a sharp economic slowdown next year, the right in 1986 may be heading towards the same treacherous terrain traversed by the Socialists in 1981-82. Any loosening of the economic reins in the form of tax cuts not compensated by reductions in spending—and Mr Reagan and Mrs Thatcher have shown how difficult it is to carry out both at the same time—could risk triggering an import surge and pressure on *the franc*. The *inflationary* effects would be magnified by a simultaneous lifting of price and exchange controls.

● On the basic assumption that the Opposition wins a majority *in the National Assembly* next March and that M. Mitterrand refuses to bow to the right's strategems to force him out of the Elysee, France will be in a political no-man's land at least until the presidential elections in 1988. Other leading figures on the right may well decide to join M Raymond Barre—who has already declared he will not "cohabit" with M Mitterrand—in biding their time and remaining on *the* sidelines from any new centre-right government.

In this unsettled political climate, any attempt by the new government to depart radically from the policies presently being followed may face strong opposition from all sides—both from left-wing socialists and trade unions freed from their present uneasy obligation to support an unpopular administration, and from forces on the right hoping to make life as difficult as possible for M Mitterrand before 1988.

● The third problem is mainly psychological. Right-wing governments in the U.S. and Britain in the last few years have profited from continued confidence on the financial markets in spite of their initial plans (Mrs Thatcher's efforts to bring down inflation by controlling sterling M3; Mr Reagan's *promise to balance the budget*) going hopelessly awry. The French right may not be given the same benefit of the doubt. With memories still not faded of their record under President Giscard d'Estaing—a period when economic polices (with the exception of the efforts made by M Barre) were mostly anything but liberal—the markets are likely to react severely to gaps between promises and practice.

Letters to the Editor

Business school funding

From the Director-General, British Institute of Management.

Sir,—Michael Dixon asks: "What price business schools and who should pay it?" (July 15). This is, of course, an important question. However, we should recognise that the Griffiths and Murray paper "Whose Business?" seems determined to recommend privatisation of the business schools regardless of the evidence. The schools themselves will no doubt point to their considerable success in competing internationally for MBA students and in raising up to 75 per cent of their income from non-government sources. In effect, post-graduate business education is already the most privatised sector of higher education in the UK.

The MBA students, who are the customers for post-graduate programmes, already pick up the greatest part of the total cost. While they may indeed receive subsidised tuition of *perhaps £4,000 per year* their personal financial sacrifice amounts to more like £20,000 per year made up of lost salary, tuition fees and living costs.

In the UK we spend far less of both public and private money on management training and education than our competitors. Of course, we must use such funds as are available as effectively as possible. We must, however, destroy the notion that the education and training of managers is somehow different from that of doctors, lawyers, chemists or any other professional group. Society at large expects to contribute to the education of skilled professionals because it will benefit from having their skills available. If there is a difference in the case of management it is that, economically, the gains for society will be even greater.

John Constable.
Management House,
Parker Street, WC2.

From the chairman,
Business Graduates Association

Sir,—Your article on the future of British business schools was a welcome contribution to the role of public funding of management education, particularly at the post-graduate level.

However, is is important to *get some of the facts* into perspective.

First, the post-graduate management education industry in the UK is less than 20 years old; its total output is probably around 10,000. It is—and always was—completely unrealistic to expect to transform British industry over this period. It was certainly totally unrealistic to expect that transformation to have happened by 1971 (three years after the first graduates had left) as your comment on the Owen report implied.

Nevertheless, today an increasing number of business graduates are at director level inside a wide range of companies.

No one would argue that MBAs should be employed just because they have a paper qualification—the same applies to all jobs—but very few graduates or employers argue that it did not help them in both their careers and their lives. The evidence we have suggests that those companies that are open to new ideas, or are generally receptive to innovation, tend to be more receptive to MBAs. Despite the reservations of IBM, Marks and Spencer and Hewlett Packard quoted in your article those organisations employ 16, *one and eight BGA members* respectively. The total figure of MBAs they employ in the UK is likely to be significantly higher as not all MBAs belong to the BGA.

Second, the balance of funding between the public sector, private sector and students themselves varies between institutions. Unfortunately, the Griffiths/Murray study provides little detail in this area in terms of overall figures or how these have varied over the past decade. There is certainly nothing sacrosanct about the split—as the variation between institutions shows. However, the case for major changes in the balance should be based on hard *facts* and *dispassionate* argument.

The right level of public funding is not just an issue for management sector but applies to the education system as a whole. It is somewhat paradoxical to find the case for reduced public funding is precisely in the sector where the cost/benefit case for such involvement is probably highest. (It may interest your readers that the BGA has operated a loan scheme in *conjunction* with certain banks and over 1,500 students have been helped with over £5.8m.)

It is another paradox that, if the present British business school structure was totally privatised, it could find that it was totally filled by overseas students—who currently represent about one-third of the annual intake. Would a figure close to 100 per cent be a good or bad thing? *Or doesn't it* matter?

Thirdly, your article included reference to the traditional criticism that MBA salaries were "fancy," at the same time as reiterating the argument that industry was not particularly enamoured with the product. Surely either industry doesn't want them or their salaries are too high? Critics cannot have it both ways—at least not at the same time.

Britain's business schools have come a long way since the 1960s. Targets of 10,000 graduates per year in the 1990s can easily be justified in terms of need. How that need is best met is still an open question.

The BGA is currently undertaking a detailed survey of the views of its members on the important issues raised by Professors Griffiths and Murray. The results will be published as soon as they are available.

Bruce Lloyd.
28 Margaret Street, W1.

Retailers on a sticky wicket

From the chairman, Miss World Group

Sir,—I was intrigued by the argument in the Lex column on *Friday regarding the Take-over* Panel and Habitat-Mothercare If, as you say, Habitat should have been given out lbw, what about House of Fraser, which I thought you were referring to when I started to read the article? Does Fraser not have a significant commercial interest in the outcome of the offer?

Does it not suit Fraser to have a sluggish rival in Debenhams? Who wants the enterprising Ralph Halpern as a major rival putting zip into the opposition, particularly if he is linked with another "go-getter" in Habitat.

If a one-eyed umpire would have given Habitat out lbw according to your rules, House of Fraser should be clean-bowled.

Eric D. Morley
21, Soho Square, W1.

The lowdown on Civvy Street pay

From the Director, the Officers' Association

Sir,—My department of this charity is concerned with obtaining employment for ex-officers of the Services, so I was most interested to read Lt Cdr Lynn's letter and can certainly bear out his implication that the world of industry *and commerce is not such a* fertile field as some may imagine.

Our figures show that for the 54 officers in the age range of 48—57 whom we placed in the first half of this year, the average salary was £12,700. Admittedly, the range was from £8,500 to £40,000, but it is clear that the majority of starting salaries were at the lower end of the scale.

(Group Capt.) G. J. South.
48 Pall Mall,
SW1.

Making the most of cellular radio

From the national sales manager, Ansafone cellular radio division

Sir,—Mr B. T. Evans (July 18) expresed interest in the level of cellular radio usage in the UK.

While average usage is quoted as being around 160 minutes per month per individual, there are of course, many peaks and troughs as demonstrated in part by the following.

A colleague of mine recently found himself stuck in a traffic jam on the M4 which *lasted* just over half an hour. During that time, through the medium of his cellular radio telephone, he was able to telephone the contract with whom he had an appointment and apologise for the delay. Additionally, he telephoned his office, checked his mail and subsequently dictated responses as required. Later he phoned two contacts to make forward appointments. Result: work that would have had to wait was completed, the person he was to visit knew the situation and the normal frustration of a traffic jam situation was completely negated.

That is a fair example of a cost effective system which in view of the increasing vehicle congestion in the UK is fast becoming a must for every serious businessman. Usage averages will, I suspect, increase rapidly.

D. Callender.
Lyon Way,
Frimley Road,
Camberley, Surrey.

Misleading indices

From Mr J. Woodthorpe

Sir,—While the Government may be prepared to encourage higher wages by continuing to fail to distinguish in its indices between genuine inflation — of which there is not much about at the moment — and wage awards not justified by productivity increases, you, sir, should not.

Would you therefore please in future always also report unearned wage increase percentages alongside inflation, the retail prices index, or any other similarly misleading indices reported or referred to in your text.

You could call it the wage *greed index*, or better perhaps the wages over-paid by soggy managements index—windy for short.

John Woodthorpe.
54 Eaton Place, SW1.

FINANCIAL TIMES

Tuesday July 23 1985

DECLINING DOLLAR INCREASES DEMAND FOR HEDGE WITH REINFORCED STABILITY

Futures exchanges woo the Ecu

BY ALEXANDER NICOLL IN LONDON

A RACE is on between the world's futures and options exchanges to introduce contracts based on the European Currency Unit (Ecu) – although few people believe the trading floors are yet clamouring for them.

Such a move is remarkable since the Ecu market itself is only a relatively recent development. Normally, futures and options feed off a long-established underlying business that offers or requires hedging possibilities.

Use of the Ecu has, however, grown rapidly with an active interbank exchange and deposit market developing. An increasing proportion of international bond issues are denominated in Ecus and European companies are beginning to use them in trade.

The Ecu might seem an unnatural subject for futures and options, which normally thrive on the volatility of the underlying market. It was, after all, designed to be more stable than each of its components, the currencies of 10 European Community members, and its external value should escape serious effects from internal commotions such as those that prompted the weekend lira devaluation.

The Ecu naturally moves, however, in line with the European constellation of currencies against the dollar and could be an attractive hedge or speculation on the U.S. currency's movements. With the dollar in turbulent decline, the advantages of a hedge with reinforced stability – avoiding the risks that might attach to any individual currency – become even more apparent.

U.S. exchanges have been in the vanguard in seeking to offer Ecu contracts. The New York Cotton Exchange, as its first venture into financial futures, has applied to trade an Ecu 100,000 ($78,400) contract in parallel with a dollar index future. The Chicago Mercantile Exchange plans an Ecu 125,000 futures contract, and the Philadelphia Stock Exchange is seeking to trade an Ecu 62,500 option to add to the list of currency options which it has pioneered.

London exchanges, seeing an obviously European market slipping across the Atlantic – although none of the U.S. contracts seems likely to get off the ground before October – clubbed together with banking and trading Ecu users earlier this year to form a working party under the chairmanship of Mr Chris Prior-Willeard of the Grain and Feed Trade Association.

The group agreed that the London International Financial Futures Exchange (Liffe) would be the most appropriate marketplace. It is now considering what contract to offer, but is most likely to opt for Ecu/dollar futures, probably tailored to fit easily with one of the U.S. contracts. Indeed, Liffe is considering establishing a formal link with a U.S. exchange for the first time.

The London Stock Exchange, a member of the working party, may eventually introduce Ecu options, while in Amsterdam, the European Options Exchange has also announced plans to trade Ecu options.

Who will take advantage of such a proliferation of contracts? Significant liquidity is likely to be a long way off, but there are a number of genuine users who will approach the market with different perspectives.

European grain und sugar traders have continual Ecu exposure because subsidies and levies imposed by the EEC's Common Agricultural Policy are denominated in Ecus. The world prices for the commodities are generally quoted in dollars. Futures will enable them to pre-set the dollar income and outlay of CAP payments, and options can insure them against Ecu/dollar fluctuations.

The Ecu's importance on international capital markets is increasing. In the first five months of this year, international bonds denominated in Ecus accounted for 3.8 per cent of the total and ranked fifth after dollar, Swiss franc, yen and D-Mark issues, according to Morgan Guaranty Trust statistics.

Investors have been attracted into Ecu issues because of fairly high interest rates and reduced currency risk. The new instruments will enable them and the issuers to hedge their Ecu exposure.

Borrowing in Ecus may lead corporate treasurers to consider wider uses for the currency. Italian and French companies already use Ecus in trade finance, and there is a growing move towards invoicing in them.

The focus of current Ecu activity, however, is a select group of banks on both sides of the Atlantic which have already made the Ecu one of the more actively traded currencies in the foreign exchange and deposit markets. Those activities, as well as the range of products that can be offered to other banks and to corporate customers, will be broadened by the introduction of futures and, in particular, options. Banks wishing to offer individually tailored "over-the-counter" options in Ecus have been hindered by the lack of means to hedge their positions. That has also restricted activity in Ecu swaps.

The Ecu market still has some hurdles to negotiate. Yesterday, activity in the dollar/Ecu market all but dried up, with wide spreads being quoted, as uncertainty about the level at which the lira would settle also made the Ecu's correct level difficult to assess. Most dealings were confined to Ecu/D-Mark, a rate which is extremely stable and through which notional dollar/Ecu rates could be calculated.

The Ecu also has clearing problems. It cannot be settled on 24 weekdays this year because of holidays in constituent countries, such as yesterday's National Day in Belgium.

While such drawbacks might provide the futures and options markets with a few hiccups, they seem unlikely to be a serious hindrance to liquidity. The Ecu markets' depth and scope could be considerably broadened by the addition of the new instruments.

U.S. takes tough line as steel wrangle continues

By Ivo Dawnay in Brussels

TALKS between the EEC and the U.S. over the level of American imports of 17 so-called "consultation steel products" look set to continue until the end of the month, after a deadline for agreement passed last week.

Reports from the meeting in Brussels suggest that the U.S. has taken an extremely tough line in the negotiations, with warnings that unilateral restrictions on sales could be enforced shortly if no deal were reached.

Under the 1982 U.S.-EEC steel agreement, Community producers have been allowed unrestricted access to the American market for those products on the understanding that consultations would be held in the case of difficulties.

Since then, EEC sales have increased more than threefold to more than 1.4m tonnes in 1984. The U.S. has now insisted that quantitative restrictions on the EEC sales must be imposed.

At first, Community officials believed those could be contained to just six of the 17 products referred to in the agreement. But last week's talks have indicated that Washington is seeking quotes on all but one category – semi-finished products.

EEC foreign ministers are due to review the state of the talks today, but the issue will meet closer scrutiny by Community industry ministers later this week.

It is understood that the Commission has accepted the U.S. list of products upon which it wished to see restraints on imports. The argument now dominating the discussions centres on the tonnages to be allowed free access.

Presuming an outline agreement is reached between Washington and the Commission, the ministers will then have to decide whether to accept limits on sales that at least guarantee a certain share of the U.S. market or to reject a deal, thereby leaving open the option of retaliatory action under the General Agreement on Tariffs and Trade.

THE LEX COLUMN

Pass the parcel of mortgages

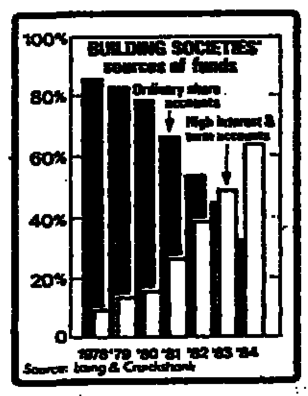
All building societies need do is blink these days and another rival has entered the mortgage market. First it was the clearing banks, whose enthusiasm for house lending seems to ebb and flow more violently than the value of the lira. Then the foreign banks entered the fray; and now it looks as if insurance companies are joining in, too.

Yesterday, Royal London announced a £50m syndicated loan to finance the expansion of its mortgage lending. Last November, London and Manchester raised £200m and has used over half of that already. It is not as if mortgage margins are generous. But the banks are keen to find high-quality assets, and the insurance companies seem happy only to break even on mortgages if they can sell the consumer other services, too.

As well as being threatened on their lending, the building societies also have to compete fiercely to attract deposits. The low-yielding ordinary share account, which made up 87 per cent of deposits in 1978, has now been eclipsed by higher interest-bearing instruments. Brokers Laing & Cruickshank estimate that if the share of ordinary accounts were to shrink from last year's 32 per cent to 10 per cent over the next few years, the building societies' interest margin would vanish altogether.

Laing & Cruickshank argue that any pressure on margins – or, for banks, portfolio limits – could be relieved by a secondary market in mortgages along the lines of the U.S. A lender could then sell its mortgages on to an investor either as a loan or as a security. By taking a turn, it could increase its fee income while taking the mortgage off its balance sheet and freeing up capital for further lending.

In a very small way, this is already happening. The Bank of Scotland, for instance, has arranged six mortgage syndications to groups of foreign banks. The question is whether the investor demand exists for a market like the U.S.'s. There, secondary market mortgage securities are generally fixed-rate and are guaranteed by federal agencies. Even if UK lenders could persuade house-buyers to borrow at fixed rates, which is doubtful, it might be hard to prevent them from repaying their mortgages early if rates fell. Add the insurance needed to cover a default to bondholders and the fee paid to the mortgage lender for finding and servicing the loan, and the bond will yield not much more



than a gilt with only a fraction of its liquidity.

What is far more likely is an extension of the sort of business the Bank of Scotland is doing, to redress imbalances between regions and institutions. The banks, with their branch networks, can often drum up more lending business than they can take on. And building societies in one part of the country may be attracting more deposits than they can lend, while the reverse may be true somewhere else. If it all sounds rather modest compared with America, building societies should at least thank Uncle Sam that they are not U.S. savings and loans, borrowing short-term floating rate money to lend long-term, fixed-rate mortgages.

Acorn

Since the first Acorn rescue package took only three months to come completely unstitched, it would be rash to suppose that the new refinancing plan outlined yesterday offers any guarantee of a prosperous future. But, while the February package left Olivetti's commitment to the company unclear, the new scheme at least makes it perfectly plain that the buck stops in Ivrea.

While Olivetti would have found it embarrassing to let Acorn go under so soon after investing £10m, it could have stood the financial loss very much more easily than the company's creditors. So, in return for taking Acorn under its wing, the Italian company has been able to dictate its own terms and extract worthwhile concessions from the other parties involved.

At a cost of £4m, Olivetti will dilute all the minority shareholders out of sight and establish an 80 per cent holding. With Acorn's parentage secure, Barclays will double its credit line to £16m, the creditors will take write-offs of £7.2m and some none too attractive loan stock, and the BBC will surrender a portion of its royalty.

Details of Acorn's trading performance in the first half of the year will have to await the refinancing circular, but it was clear just from the tone of yesterday's statement that conditions in the second quarter were very grim indeed. The refinancing package will presumably reassure Acorn's customers and suppliers, while Olivetti can be expected to intensify the co-operation envisaged in the February plan. So, with a reorganised balance sheet, Acorn might even make money next year. The equity may after all be worth more than the 1p a share at which Olivetti has agreed to subscribe new capital. But not much more.

Realignment

As EMS realignments go, the lira devaluation was a smooth enough affair. The suddenness of Friday's bizarre collapse meant that the foreign exchange markets had no time to take advantage of the Italian central bank's predicament and yesterday the lira traded comfortably within its new parities. But, while the emergency operation may have passed off without a serious hitch, it was scarcely an advertisement for the EMS.

The currency system has been remarkably stable over the past two years because of the strength of the dollar and, to a lesser degree, because of the evidence of some convergence in economic policy between France and West Germany. The retreat from the dollar is turning attention back to the relative values of European currencies and raising the old question of whether short, sharp shocks are preferable to continuous currency fluctuations.

While a single foreign exchange transaction of the size which puts the skids under the lira on Friday would scarcely have had the same impact on sterling or the D-Mark, the weekend's developments must strengthen the hand of those who see the EMS as a way of securing no more than stability between shocks. A user of the foreign exchange markets can at least cover a position when the rate is moving freely. Friday's events gave no one the opportunity to hedge a single lira.

Large UK gas field 'may rival Sleipner'

BY DOMINIC LAWSON IN LONDON

CHEVRON, the U.S. oil company, has found a gas field 50 miles north west of Shetland that might increase the UK's gas reserves by up to 20 per cent.

Chevron is expected to test the discovery next month and until then it will not be known how productive the giant gas reservoir is. If the reservor is of very poor quality, then the recoverable reserves might be no more than 1 trillion (million million) cubic feet (tcf).

That is still very large by the standards of recent North Sea gas discoveries, but would probably not be commercial in such hostile waters so far from the British gas grid.

But if the reservoir is of very good quality, then the recoverable reserves are likely to be up to 8 tcf. That compares favourably with the Norwegian Sleipner field, which contained 7 tcf of gas, that British Gas was prepared to buy for $30bn. The British Government vetoed the deal, claiming that the UK held enough gas reserves, without the need for imports.

The Chevron discovery might well come as a relief to the UK Government, but also a disappointment to Norway, which had remained optimistic that the UK would soon reopen negotiations to buy Norwegian gas.

A six-company consortium, in which Britoil holds a 25 per cent stake, has been drilling for several months in 2,000 ft of water and has encountered gas bearing sands 1,500 ft in depth. The geological structure is thought to be about 50 sq km in size, covering most of block 214/27.

The deep waters west of Shetland are only just beginning to be explored by the oil industry, and no finds suitable for commercial development have yet been made in the area.

The find represents a coup for Britoil, which last month took half Chevron's 50 per cent stake in the block, in return for participating in the $20m cost of the well. Santa Fé, which is wholly owned by the Kuwait Petroleum Corporation, holds a further 25 per cent interest in the block. Charterhouse Petroleum, which today will disclose the full details of its proposed £190m merger with Saxon Oil, holds a 12.5 per cent stake. The other two participants are Sovereign Oil and Gas (6.25 per cent) and Dow Chemical (6.25 per cent).

Charterhouse would make no comment on the find yesterday, but it is believed that the merger document will not contain a direct reference to the discovery.

Last year British Gas found gas about 20 miles to the east of the Chevron find. The British Gas find was too small to be developed on its own, but could be tied in to any future development on block 214/27.

Britoil and Charterhouse have also participated in the discovery of an oilfield several miles to the south east of Winchester.

FCA cuts losses to $17.9m in quarter

BY WILLIAM HALL IN NEW YORK

FINANCIAL Corporation of America (FCA), the parent of the biggest savings and loan institution in the U.S., which came close to failing last year, yesterday reported sharply lower losses in its second quarter, but its non-performing assets topped $1.5bn for the first time.

Its losses of $17.9m in the latest period are down from the $38.1m losses in the preceding quarter and the $512.1m of losses in the final quarter of 1984. While the improvement is welcome, the scale of FCA's earnings problems are illustrated by yesterday's results from H. F. Ahmanson, parent of the second biggest U.S. savings bank, which more than trebled its net income in the second quarter to $55.3m.

The Los Angeles-based Ahmanson, whose main subsidiary is Home Savings of America, has been helped by the sharp decline in U.S. interest rates. It says its net interest income and the margin of return on earning assets rose to record highs during the latest three months, while liability costs declined to the lowest level in nearly six years.

Mr William Popejoy, who was brought in as chairman of FCA after a run on its deposits last year, says: "The continued improvement in the company's operating performance since the beginning of the year reflects management's strict adherence to controls placed on general and administrative operating expenses, early signs of rejuvenated lending activity, and the positive continuing influence of a favourable interest-rate environment."

He noted, however, that the latest results "continue to reflect the drag on earnings created by the company's non-performing assets," which at the end of 1984 were over $1bn. FCA's scheduled items (roughly the same as a bank's non-performing assets) now total roughly five times the group's $303m of regulatory net worth.

The group suffered a $1.1bn deposit outflow in April after the news of its $590m loss for 1984, but there was a $35m inflow of savings deposits in May and a $66m increase in June.

FCA's recovery from last year's difficulties has been greatly helped by the sharp drop in U.S. interest rates over the last year. FCA's cost of funds has dropped from a recent peak of 11.76 per cent in the third quarter of 1984 to 9.51 per cent at the end of June, while the yield on its loan portfolio has only fallen by 48 basis points over the same period to 12.13 per cent.

FCA's ratio of scheduled items to total assets, which is used by regulators as a key indicator of credit quality, worsened from 4.6 per cent at the end of the first quarter to 5.64 per cent at the end of the second quarter.

That accords with Mr Popejoy's earlier predictions that the company's non-performing loans would probably peak at around $1.8bn

Bid to bolster Kuala Lumpur share prices

MALAYSIA'S Finance Minister bluntly told the country's leading institutional investors yesterday to use their massive funds to prop up the Kuala Lumpur Stock Exchange, where prices have fallen to a 30-month low, writes Wong Sulong in Kuala Lumpur.

Mr Daim Zainuddin told chief executives of merchant banks and leading fund managers that he was unhappy with their bearish attitude, adding: "You should not follow the so-called herd instinct."

The Kuala Lumpur Stock Exchange industrial index has fallen steadily from 680 in February 1983 to a low of 450 early last week. Renewed buying interest has since emerged, however, with the index closing yesterday at 485.

"There is no reason whatsoever why there is poor stock market sentiment in Malaysia," the Finance Minister said yesterday. "This should not be allowed to persist when stock markets in New York, Japan, Hong Kong and Europe are so very buoyant." The Malaysian economy was performing reasonably well, he added.

Share prices have fallen, however, in the wake of the Bank Bumiputra loan scandal in Hong Kong and a protracted power fight within the Malaysian Chinese Association, the Chinese partner in the Kuala Lumpur Government.

The stock exchange is to introduce a delayed one-month settlement, instead of the present one-week settlement period, in an effort to encourage buying.

Botha rejects debate

Continued from Page 1

the man responsible for implementing the state of emergency, told local newspaper editors that he had been instructed "from the highest authority that there is an exceptional need to scale down information connected to the unrest."

He said that it was not the purpose of the emergency regulations to censor the press and that, at this stage, he did not intend to implement a clause in section six of the emergency regulations which gave the commissioner discretionary powers allowing him to "control, regulate or prohibit" the dissemination or sending of any comment or news from the areas covered by the emergency.

But he underlined the determination of the Government to use its emergency powers to stamp out unrest and by implication held out the possibility of future censorship if the press failed to co-operate.

General Coetzee complained that at least 30 articles had appeared recently in the local press which could have been taken to the Media Council under the South African press laws.

At a subsequent meeting with the foreign press at the police training college, he said the police were seeking "a spirit of co-operation"

EEC call to S. Africa

Continued from Page 1

by the British Government. "The declaration of a state of emergency is evidence that the situation has deteriorated sharply and underlines the need to redress fundamental injustices in South Africa," it said.

However, the Foreign Office rejected calls by Mr Neil Kinnock, the Labour opposition leader, and others that Britain should recall its ambassador to South Africa. It referred to the statement made on Sunday by Mr Malcolm Rifkind, a Foreign Office Minister, that Britain's policy was to retain its ambassador to Pretoria to make the British Government's views known

The Netherlands Government also issued a statement expressing its serious concern at the situation in South Africa and said that only "fundamental reforms" would eliminate the causes of violence.

The Dutch statement coincided with a period of diplomatic tension between The Hague and Pretoria over the fate of a Dutch sociologist, Mr Klaas de Jonge, who was forcibly taken from the Netherlands embassy in Pretoria by South African police. Mr de Jonge, who faces arms smuggling charges in South Africa, was returned to the embassy after The Hague had threatened to recall its ambassador.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	28	82	Dubrovnik	S	29	84	Malaga	S	27	81	Salzburg	—	—	—
Akrotiri	S	30	86	Faro	S	30	86	Malta	S	32	90	Seoul	S	33	91
Algiers	S	28	82	Florence	S	32	90	Manila	S	34	93	Singapore	R	30	86
Amsterdam	C	18	64	Frankfurt	C	17	63	Miami	R	30	86	Stockholm	F	20	68
Athens	S	35	95	Funchal	S	23	73	Milan	S	26	79	Strasbourg	F	25	77
Bahrain	S	38	100	Geneva	S	22	72	Moscow	C	27	81	Sydney	C	17	63
Bangkok	S	34	93	Gibraltar	S	25	77	Munich	S	21	70	Taipei	C	26	79
Barcelona	S	27	81	Guernsey	D	15	59	Nairobi	—	—	—	Tangier	S	31	88
Beirut	S	29	84	Helsinki	F	20	68	Naples	S	33	91	Tehran	—	—	—
Belgrade	S	23	73	H. Kong	S	31	88	New Delhi	R	34	93	Tel Aviv	S	29	84
Berlin	C	20	68	Innsbruck	—	—	—	New York	S	32	90	Tenerife	S	26	79
Biarritz	S	26	79	Inverness	F	12	54	Nice	S	28	82	Tokyo	C	31	88
Blackpool	F	17	63	Istanbul	S	29	84	Oporto	S	25	77	Toronto	S	24	75
Bordeaux	S	26	79	Jersey	C	17	63	Oslo	F	19	66	Tunis	S	33	91
Brussels	R	17	63	Jo'burg	S	17	63	Paris	F	24	75	Valencia	S	30	86
Budapest	S	22	72	Las Palmas	—	—	—	Prague	F	19	66	Venice	S	27	81
B. Aires	S	17	63	Lima	C	18	64	Reykjavik	S	15	59	Vienna	S	22	72
Cairo	S	36	97	Lisbon	S	31	88	Rio de J'o	S	28	82	Warsaw	F	18	64
Cape Town	S	18	64	Locarno	F	25	77	Rome	S	32	90	Zurich	S	23	73
Caracas	S	28	82	London	C	19	66								
Casablanca	F	25	77	Los Angeles	C	30	86								
Copenhagen	F	16	61	Luxembourg	C	17	63								
Corfu	S	26	79	Madrid	S	31	88								
Dublin	C	17	63	Majorca	S	29	84								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Lira recovers ground against $

Continued from Page 1

of this year, equivalent to 75 per cent of the whole of last year's trade deficit.

Dr Monti, who said the effect of the devaluation on Italian competitiveness would take months to be felt, said he was also worried about the rapid expansion of Italy's money supply, which at 15 per cent is 5 percentage points above the Bank of Italy's target. "I feel monetary policy now needs to be reconsidered. We need a deceleration of the money stocks irrespective of the Government's budgetary policy."

He hoped that the "renewed sense of emergency" would put pressure on the Government to take hard budgetary and incomes policy decisions, but few economists or bankers think the Craxi Government has the political courage to make meaningful spending cuts soon.

Italian financial markets were still befuddled yesterday as to why the Bank of Italy declined to intervene in the foreign exchange market on Friday when dollar speculation and a $125m buying order for ENI, the state energy group, saw the lira crash by 20 per cent against the dollar. Sig Giovanni Goria, Treasury Minister, has already criticised ENI saying the energy group "did not have any urgent need for dollars."

● Italy's balance of payments was in surplus by L1,446bn in June. For the first half of the year, however, it recorded a deficit of L6,521bn, 54 per cent higher than in the same period of 1984. Official reserves totalled L82,789bn at June 30.

Reuter reports from Luxembourg: The swift realignment of the EMS at the weekend should ensure relative calm for dealings in EMS currencies at least until next year, according to bankers in West European financial capitals.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Tuesday July 23 1985

New truce for Goldsmith and Crown Zellerbach

BY CHRIS CAMERON-JONES IN NEW YORK

ANOTHER truce was declared in the battle for control of Crown Zellerbach yesterday as it was confirmed that Sir James Goldsmith, the Anglo-French financier, had taken his stake over 50 per cent. Sir James and the U.S. forest products group, of which he is a director, agreed to cease further hostilities until Friday while they engaged in talks.

News of the truce, combined with sharply lower second quarter earnings, depressed Crown's shares in early trading. They fell $¾ to $40¾.

Neither side claimed the initiative in calling the ceasefire but the move was clearly prompted by Sir James's success in rapidly picking up shares following his threat to use his best efforts to defeat the company's restructuring plan.

It was the failure of discussions over this plan that brought the earlier truce, made in April, to an end on July 11, and led Sir James, who then held around 26 per cent, to launch a fresh attempt to seek control and take action through the courts to block the plan.

Both parties have agreed to postpone litigation and not to begin or undertake any extraordinary transaction before Friday. In addition, Sir James's side has agreed not to buy further Crown shares, or demand a special shareholder meeting, or solicit Crown shareholders before the deadline.

In line with other U.S. forest product companies, Crown has been hit by the strong dollar and the slowdown in domestic economic activity. Net earnings for the three months to June 30 were $21.5m, or 63 cents a share, against $32.5m or $1.04, last time. Sales dipped to $769.4m against $71.8m.

This left the half-year income down at $40.7m or $1.19, from $53.7m or $1.68. Sales rose to $1.53bn compared with $1.48bn.

In the paper division – the main activity – profits slid from $36.7m to $22.9m on sales little changed at $314m.

All other activities also showed downturns except timber and wood products and energy activities.

The proposed transfer of the group's timberland to a liquidating limited partnership has been the main source of contention in the restructuring scheme.

Time may bridge Gulf Canada bid difficulties

BY BERNARD SIMON IN TORONTO

MR PAUL REICHMANN has given two rare telephone interviews to Toronto newspapers in the past few days to explain why the Reichmann-controlled property developer Olympia and York (O&Y) withdrew its bid last week to buy control of Gulf Canada, the country's fourth largest oil company, from Chevron Corporation of San Francisco.

Mr Reichmann's comments have done little, however, to dispel the air of mystery surrounding O&Y's last-minute cancellation of the C$3bn ($2.3bn) deal, nor to clear up a number of tricky political issues raised since the publicity-shy property group first unveiled its bid for Gulf Canada two months ago.

According to Mr Reichmann, "a number of things that had to fit together did not, and we came to a point we were not sure we could do it in time (to meet Chevron's deadline)".

The unstable international oil market appears to have influenced O&Y's negotiations with Chevron, prompting it to seek better terms. But among the "things" on which attention is likely to focus in the months ahead is the Canadian Government's role in the transaction.

A comment by Prime Minister Brian Mulroney's office that "we certainly don't take the blame for the deal falling through" has failed to halt speculation that the attitude of key members of the Government was a crucial factor in persuading the Reichmann family to withdraw its bid.

O&Y's proposed takeover of Gulf Canada was initially hailed as a major advance in efforts to expand Canadian participation in the country's oil and gas industry.

Despite their low profile, the Reichmanns are highly regarded in government and business circles for their impeccable business ethics and the bold moves that have built O&Y into one of Canada's most powerful multinational groups. Besides its property interests, O&Y owns 93 per cent of Abitibi-Price, the world's largest newsprint producer. The Reichmanns raised the possibility of merging Abitibi with Gulf Canada.

O&Y's acquisition of Gulf would have raised local ownership in the oil and gas industry from 42 per cent to 47 per cent, within sight of the 50 per cent target set by successive Federal governments.

Chevron put its 60 per cent interest in Gulf Canada up for sale in return for eventual government approval of its takeover of the company, which stems from its purchase of Gulf Corporation of Pittsburgh last year.

Considerable dissension appears to have been caused within government ranks by O&Y's request for a number of tax rulings from the authorities and by the inclusion in the proposed transaction of Petro-Canada, the controversial state-owned oil company.

Petro-Canada planned to buy the bulk of Gulf's downsteam operations, including filling stations and refineries. Just a few days before O&Y pulled out of the deal, the Federal Government took the rare step of announcing that the cabinet would allow Petro-Canada to spend up to C$1.8bn to buy some of Gulf's assets.

Petro-Canada has grown in the past decade from nothing to a giant integrated group with assets of over C$9bn. The prospect of the company becoming still bigger – and acquiring a dominant share of the fuel distribution market in parts of eastern Canada – has drawn opposition from several quarters.

Many western Canadians still view Petro-Canada as the villain of the previous Liberal Government's efforts to divert oil and gas activity away from Alberta to the Arctic and east coast.

Questions have been raised whether the nine month old Conservative Government should strengthen a state-owned corporation at a time when it is committed to a policy of privatisation. In his budget speech last May, Finance Minister Michael Wilson promised to "return to the private sector activities that more properly belong there."

The Government is now faced with the difficult decision whether to approve Chevron's acquisition of Gulf Canada. On the surface, Chevron appears to have complied with undertakings given to Ottawa's foreign investment watchdog. But allowing the deal to go through is bound to provoke further questions about the failure to increase Canadian ownership in the oil sector.

The Government is locked in negotiations with Mobil Oil on conditions for approval of the latter's indirect acquisition of Canadian Superior Oil last year.

The Canadian Government is presumably keener than ever for Chevron to find a suitable buyer. And Mr Reichmann has said that should O&Y be able to make an "unconditional" bid for Gulf Canada, "we might be back."

UBS set for record earnings

By John Wicks in Zurich

UNION BANK of Switzerland, the country's biggest bank, produced first-half earnings higher than both the "good outcome" of the corresponding 1984 period and the budgeted target.

The bank expects profits to develop favourably in the second half, suggesting record earnings for the year as a whole. In calendar 1984, net profits rose by 15.3 per cent to SwFr 583m ($246m).

Like other Swiss banks, UBS reports a substantial increase in commission income during the second quarter, as well as favourable results from foreign-exchange trading. Interest income benefited from a further gain in business volume.

The balance sheet shows a SwFr 6.1bn increase in assets since the end of last year to SwFr 137.1bn, some SwFr 1.2bn of that resulting from changes in the dollar rate and the valuation of precious metal accounts.

During the first half, customer deposits showed a slight decline, from SwFr 82.8bn to SwFr 82.7bn.

Monsanto slips 14% in second quarter

BY PAUL TAYLOR IN NEW YORK

MONSANTO, the U.S. chemicals group which last week agreed to acquire G. D. Searle, the drugs and Nutrasweet artificial sweetener group, for $2.7bn, yesterday reported a 14.5 per cent decline in second quarter net earnings.

Directors blamed "the continuing difficult economic environment for chemical-based industries," for the profit fall.

The St Louis-based group said second quarter net earnings fell to $124m or $1.60 a share from $145m or $1.77 a share in the previous corresponding period on sales which dropped by 9 per cent to $1.63bn from $1.8bn – highlighting one of the reasons Monsanto is keen to enter the faster growing pharmaceuticals industry.

In the first half Monsanto's earnings fell by 34 per cent to $211m or $2.72 a share from $320m or $3.90 a share on sales of $3.25bn compared to $3.53bn a year earlier.

Mr Richard Mahoney, Monsanto's president and chief executive, said, "since mid-1984 the U.S. manufacturing sector generally has not had much benefit from the modest economic growth we have encountered. Consequently U.S. industrial demand for chemical-based products has lagged."

Smithkline Beckman, a leading U.S. health care and pharmaceutical group, yesterday reported a modest increase in second quarter net earning to $121.4m or $1.54 a share from $120.2m or $1.50 a share on sales which grew by 8 per cent to $770.7m from $713.5m.

For the first half the Philadelphia-based group, whose profits have been under pressure recently because of lower sales of the company's two most profitable drugs, Tagamet and Dyazide, caused by increased competition and the strength of the dollar overseas, said net earnings totalled $253.2m or $3.20 a share

Becton Dickinson, the U.S. medical, surgical, laboratory and diagnostic products manufacturer, said its fiscal third quarter net earnings increased by 46.6 per cent to $22.84m or $1.08 a share from $15.44m or 74 cents a share in the same period last year. Sales grew by 3 per cent to $287.4m

Boost for Northern Telecom

By Our Toronto Correspondent

NORTHERN Telecom, (Nortel) the Canadian telecommunications equipment supplier, boosted net earnings before preferred dividends to C$111.8m (U.S.$83m) or 89 cents per common share in the three months to June 30 from C$78.7m or 67 cents a share a year earlier.

Revenues jumped by 44 per cent to C$1.51bn, due largely to an 82 per cent increase in sales of central office switches.

Mr Edmund Fitzgerald, chairman and chief executive, said an anticipated improvement in gross margins failed to materialise in the second quarter due to the costs of launching new transmission products and phasing out obsolete ones.

He said "some improvement" in margins is expected in the second half. Mr Fitzgerald predicted a 25 per cent rise in earnings per share for 1985 as a whole.

Net earnings for the first six months of the year were C$195.5m, up from C$135.8m in January-June 1984.

Nortel's fastest growing market remains the U.S., where it has rapidly expanded sales to regional telephone companies. U.S. customers contributed 66 per cent of revenues in the latest period, with revenues there up 53 per cent in the past year.

Revenues from integrated business systems, including private branch exchanges, have risen by 8.2 per cent in the past year, while transmission revenues are 37 per cent higher.

Tax treatment lifts Occidental income

BY WILLIAM HALL IN NEW YORK

OCCIDENTAL Petroleum, the U.S. West Coast oil group headed by the 87 year-old Dr Armand Hammer, yesterday reported a 10.2 per cent rise in second quarter net income from continuing operations to $137.7m.

Oil and gas earnings rose 12.8 per cent to $210.6m, although the company said lower crude oil and natural gas prices "significantly reduced earnings." The decline was more than offset by the application of a reduced 1985 estimated tax liability which takes into account the sale of one of Occidental's Colombian oil and gas subsidiaries.

Ashland Oil, one of the biggest independent refiners in the U.S., yesterday reported sharply higher third quarter net income of $60.3m, reflecting the improvement in refining industry margins.

Latest earnings compare with $38.2m last year, which included $15.6m of unusual items.

Ashland is in the midst of a major restructuring and earlier this month announced the sale of its Integon insurance subsidiary. Mr John R. Hall, the group's chief executive, says that while his company is gratified with the earnings improvement and the progress on restructuring, "the volatility of the international petroleum markets continues to be a concern."

He is particularly concerned about "the growing volume of petroleum product imports from government-subsidised foreign refineries."

Occidental's earnings from continuing operations were 87 cents a share in the latest three months compared with 62 cents per share last year.

Armco back in black after three years

BY OUR NEW YORK STAFF

ARMCO, the diversified U.S. steel group, yesterday reported its first quarterly profit since mid-1982. The company, which has been shedding assets in an effort to reduce debt, create liquidity and restructure itself, swung from a net loss of $14.1m or 25 cents a share, to earnings of $18.5m or 24 cents in the second quarter.

Sales were down at $994.2m from $1.06bn.

Income comprised $6.9m or 7 cents a share from continuing operations and $11.6m or 17 cents, from the aerospace and strategic materials divisions, which are up for sale. In the second quarter a year ago, $15.8m of the loss arose on continuing businesses and the result was after a $3.3m gain on early retirement of debt.

The recovery in the latest period came on the back of improvements in all activities except oilfield equipment operations where weak oil prices, low level of drilling activity and high stock depressed demand.

Dr Robert Boni, Armco's president and chief executive, said the group must continue to cut debt through disposal of non-core assets and further raise the competitiveness of its remaining businesses. The sale of the aerospace and strategic materials interests is expected before year end.

For the half year, Armco reduced its net loss to $4m, or 12 cents, from $42.2m or 57 cents, on sales 5.8 per cent lower at $1.91bn.

The group had attained record earnings of over $294m in 1981 before starting its plunge into losses with a near $81m deficit in 1982.

EUROBONDS

Shock sets in after decline

BY MAGGIE URRY IN LONDON

THE EURODOLLAR bond market is still in a state of shock after last week's sharp falls. Traders were unwilling to make prices, let alone deal yesterday. Business was thin and prices were marked down by a ¼ to ⅜ point as dealers looked to the New York market for a lead.

The new issue market was quiet, with recent deals continuing to suffer.

The market for European currency unit Eurobonds was also confused after the devaluation of the lira over the weekend. The closure of the Belgian banks for a national holiday contributed to a low level of activity. Price movements were mixed among seasoned issues, though the new deal for IBM lost ½ point to trade at a discount of around 1¼ point to the par issue price.

In the Eurosterling market S. G. Warburg launched a £50m 10-year deal for Industrial Bank of Japan. This has a 10¾ per cent coupon and a 100¾ issue price. Taking in fees of 2 per cent, IBJ is obtaining funds at a yield about ¼ point below that on similarly-dated UK government stocks.

The bonds were heavily preplaced by Warburg, with demand thought to have come from the Far East, and were quoted at a discount inside the 1⅜ per cent selling concession.

Bankers in the Euro-New Zealand dollar bond market are concerned about an oversupply of paper in the small sector. Credit Suisse First Boston launched a NZ$60m issue for Mellon Bank yesterday, which matures in September 1988 and pays a 16¼ per cent coupon. Issue price is 100¼, and fees total 1½ per cent.

After four issues last week, and with more expected soon, the demand for these issues from European retail investors could become over-stretched.

The holiday mood and a lack of direction from the New York bond market and the foreign exchanges kept trading quiet in the continental European bond markets yesterday.

AIBD and IPMA form regulation committee, Page 18; International bond service, Page 19

Restructuring hits Alcan

By Robert Gibbens in Montreal

ALCAN Aluminium suffered a $5m loss during the second quarter of 1985 under the impact of weak aluminium prices and costs incurred during a major restructuring programme.

Earnings during the first half total $25m or 25 cents a share compared with $181m or $1.86 during the previous corresponding period.

Alcan said that after a $66m before tax one time charge to cover the restructuring, and $37m after tax, the second quarter loss was $5m compared with net income of $98m or $1.01 a share a year earlier.

Revenue was $1.49bn against $1.48bn.

Shipment of aluminium in all forms in the second quarter was 552,100 tonnes against 462,300 tonnes a year earlier and in the six months 1,097,300 tonnes against 903,800 tonnes.

Business conditions in the second quarter were largely unchanged from the first but prices, especially for ingot, were significantly lower. The North American operations were depressed mainly because of the continued strength of the U.S. dollar while European operations continued a relatively good performance.

EIB goes to Italian bond market

BY ALAN FRIEDMAN IN MILAN

THE EUROPEAN Investment Bank (EIB), the second largest institutional borrower on the international capital markets, yesterday made a rare foray into the Italian lira market to borrow L100bn ($52m) through the issue of seven-year fixed interest bonds, paying 12.5 per cent interest.

The EIB lira bond comes just after the devaluation of the Italian currency which followed last Friday's crisis, but this is a coincidence. The issue, lead-managed by Cariplo and 11 other Italian banks, is priced at 93.55 to yield 14 per cent.

M Philippe Marchat, treasurer of the EIB, said in Milan yesterday that the Luxembourg-based development bank had only returned to borrow in lira late last year – when it raised L150bn after an absence of 10 years. Earlier this year the EIB issued another L150bn issue and there are plans for another L150bn bond in October, bringing total lira borrowing by the EIB to L400bn in 1985.

"We are trying to borrow more in national markets," explained M Marchat, who added that not all of the lira funds raised would be onlent to Italian companies or agencies.

He added that while EIB borrowing remained largely in U.S. dollars, followed by D-Marks, Dutch guilders, yen and Swiss francs, the bank was trying to develop its borrowing in European currency units (Ecus). In the first six months of this year the EIB has raised Ecu 455m more than for the whole of last year in the European currency. "Our goal is to develop the Ecu market in different countries," M Marchat said.

Last year the EIB raised a total of Ecu 4.3bn. This year the total is likely to be around 10 per cent higher, with about 15 per cent of the bonds issued at a floating rather than fixed rate of interest.

Kidd Creek boosts first half profit

BY GEORGE MILLING-STANLEY IN LONDON

KIDD CREEK MINES of Canada boosted earnings to C$8.2m ($6.1m) during the first six months of 1985, compared with C$4.5m during the previous corresponding term.

The company's increased emphasis on precious metals and reduced interest charges helped increase profits. However, these advantages were partially offset by lower zinc concentrate copper and potash sales.

Kidd Creek, one of Canada's largest producers of copper and zinc from its facilities in Timmins, northern Ontario, is controlled by the Government's Canada Development Corporation.

The company had net profits of C$6.5m in the three months to the end of June, compared with C$6.2m in the same period of 1984 and C$1.7m in the first quarter of this year.

"Our continued profitability is encouraging but we are convinced we can and must do better," Mr Donald C. Lowe, chief executive, said yesterday.

"With mature markets, intense overseas competition and a strong currency relative to European currencies, we are facing the greatest challenge in our history as a base metals mining and processing company," Mr Lowe added.

To help counter Kidd Creek's heavy reliance on base metals, which was reflected in the results for the first half, the company is increasing the emphasis on gold production.

● Recovery continues at the Rio Tinto-Zinc group's Canadian Lornex Mining. The copper-molybdenum producer in British Columbia reports second quarter earnings of C$7.26m, which brings the half-year total to C$12.53m compared with a loss of C$1.94m in the same period of last year, writes Kenneth Marston.

The improvement in results reflects increased production of copper, coal and molybdenum coupled with higher prices for molybdenum and lower interest costs. Copper output rose 24 per cent and that of molybdenum increased 14 per cent.

Lornex's entitlement to a 39 per cent share of the metallurgical coal output of the Bullmoose mine in north-eastern British Columbia represented a 34 per cent lift in production the first half.

INTL. COMPANIES & FINANCE

SIA public share offer delayed until end of year

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE International Airlines (SIA), the island state's national flag carrier, will not make a public share offering before the end of this year or early next year, Mr Lim Chin Beng, the company's deputy chairman, indicated yesterday.

This is significantly later than the September target date suggested in the past, and follows persistent weakness in the local stock market caused by Singapore's depressed economic climate.

It also comes after the sale of further shares to SIA employees, taking the total to 24 per cent of the airline's 244m issued shares. This has provoked fears that some stock will be off-loaded on to the market immediately after the flotation.

"There is no conscious decision to delay the issue," Mr Lim insisted yesterday in an interview. He said the flotation was simply taking longer than expected and the problems involved were being resolved one at a time.

Mr Lim also said that no final decision had been taken on the size of the issue, and that there might be a public offering abroad. Earlier it had been suggested that only 10 per cent of the company's authorised capital of 500m shares of S$1 par value would be offered.

The SIA flotation is the first step in a larger programme of "privatisation" of government holdings in state sector companies. The state-controlled bank, DBS Bank, has been handling the issue. The shares are to be listed only in Singapore.

In April SIA confirmed that, after the announcement that it was going public, staff had begun trading the shares offered to them as employees. SIA said it could not accept this, and would not register unapproved share deals. It also promised disciplinary action and threatened a deferred listing as a last resort.

Downturn for Singapore hotels

BY OUR SINGAPORE CORRESPONDENT

TWO SINGAPORE hotel groups and a property developer have reported disappointing interim results, reflecting the depressed state of Singapore's tourist and real estate sectors.

Shangri-La Hotel, part of the Kuok family empire, revealed a 66 per cent drop in pre-tax profits to S$4.03m (US$1.8m) for the six months to June on turnover of S$40.5m, down 14 per cent. Results in the second half are not expected to be any better.

King's Hotel, part of the Hong Leong stable of companies controlled by the Kwek family, showed a 69 per cent fall in pre-tax profits for the six months to April, from S$5.9m to S$1.8m. Turnover was down 8.5 per cent at S$17.2m.

The King's Hotel group operates two hotels and one of the earliest modern shopping centres to be built in Singapore. It is owned through City Developments, a property arm of the Hong Leong group, which also reported results for the six months to April.

These showed a more mixed performance, with a 22.4 per cent drop in group turnover to S$89.5m and marginally weaker pre-tax profits of S$20m.

Bangkok Bank results below expectations

By Boonsong K'Thana in Bangkok

BANGKOK BANK, the largest bank in South-East Asia, lifted pre-tax profits for the first half of 1985 by 6.8 per cent to 1,255m baht (about US$47m).

Deposits rose by 15.38 per cent in the period to 194,997m baht. Lendings were 14.99 per cent higher at 201,596m baht and total assets increased by 16.55 per cent to 269,186m baht.

The results do not live up to the bank's expectations. It blamed slow economic growth and lower interest rates abroad which siphoned its business from prospective local borrowers.

● Thai Farmers Bank, Thailand's second largest bank, has reported net profits for the second half of 1985 down by 5.19 per cent to 356.2m baht.

Deposits grew by 15.61 per cent to 79,950m baht, lendings by 9.82 per cent to 73,960m baht and assets by 13.04 per cent to 99,207m baht. The bank said the drop in earnings resulted from the slower growth rate of the country's economy.

Rise in first-half earnings at Gulf International Bank

GULF INTERNATIONAL Bank profits for the first six months of 1985 rose to $33.25m from $31.67m in the first half of 1984, Reuter reports from Bahrain.

Assets of the bank, which is owned by the Governments of Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, stood at $7.07bn at the end of June, an increase on the $6.93bn level at end-June 1984, but down on the end-1984 level of $7.4bn.

Loans fell to $3.88bn from $3.97bn a year earlier, while there was an increase in placements to $2.47bn from $2.15bn.

Interest and fees on loans rose to $200.4m from $216.9m a year earlier, while interest on placements rose to $103.7m from $97.6m. Total interest and fees came to $326.0m against $338.9m, with $281.4m paid as interest on deposits against $299.7m.

● Bahrain International Bank reported a 2.7 per cent increase in net income for the first half of 1985 to $7.8m from $7.6m in the first half of 1984.

The bank moved into longer-term fixed income securities in mid-1984 as interest rates declined, and expects 1985 net income to exceed 1984's $11.0m. The bank also worked with Mellon Bank of the U.S. this year to introduce some portfolio management products.

Total assets fell to $259.6m from $269.2m as a result of lower interbank activity. Of this, loans stood at only $32m.

● National Bank of Bahrain (NBB), whose main business is domestic although it also has an OBU and a small Abu Dhabi branch, reported consolidated net earnings of BD 6.7m ($17.8m) for the half year to June, compared with BD 6.2m in the same period of 1984, adds Mary Frings. The unaudited figures do not reflect provisions, which NBB takes only at year-end.

The 8 per cent improvement in earnings reflected an 11 per cent increase in interest margins and "close attention to liability management."

NBB reduced its loans, advances and overdrafts from BD 230m to BD 200m, while total assets (excluding contingencies) declined from BD 650m to BD 614m.

AIBD and IPMA form regulation committee

By Maggie Urry

THE Association of International Bond Dealers (AIBD) and the International Primary Market Association (IPMA) have formed a joint committee to discuss self-regulation in the Eurobond market ahead of UK legislation on investor protection due next year.

All Eurobond traders in the UK will be required to gain authorisation to carry on the *business of effecting transactions in investments.* The legislation will also cover those who give investment advice or manage investments.

The authorisation will be given if the trader is a member of a recognised self-regulating organisation (SRO). The AIBD/IPMA joint committee must decide, by the end of the summer, whether to form an SRO under their sponsorship, or to advise their members to join the stock exchange of the National Association of Securities Dealers and Investment Managers. These two bodies will also be able to give the necessary authorisation to traders.

The joint committee will also seek further options. It is chaired by Ian Steers, who is a vice-chairman of Wood Gundy, and includes leading members of both the AIBD and IPMA.

Third U.S. hotel venture for JAL

By Carla Rapoport in Tokyo

JAPAN AIR LINES and Tishman Realty of the U.S. have formed a joint venture to build and operate a new hotel in Chicago, worth about $70m.

The new hotel, Hotel Nikko Chicago, represents JAL's third U.S. hotel venture and part of a continued expansion of its hotel operations world-wide. The group plans to double its owned or managed hotels from 14 currently to nearly 30 world-wide over the next three years.

At the same time, JAL has announced an up-date of its four-year corporate plan. Notably, the company tends to reach its target of Y1,000bn ($4.2bn) in revenues one year earlier, which will be fiscal 1987. It also intends to boost its pre-tax profit margin to 4 per cent, from 2.7 per cent currently.

Further, the company intends to boost the size of its fleet from 83 planes currently to 92 planes by the end of 1990. These will all be American-made Boeing aircraft. The group also hopes to expand its U.S. service.

MINING NEWS IN BRIEF

Go-ahead by Amax for Sleeper gold mine

AMAX OF the U.S. has approved a start to construction at its Sleeper gold mine in the Slumbering Hills of Nevada, and plans to begin production from a zone of 1.21m tons of rich ore at an average grade of 0.38 oz (11.8 grammes) of gold and 1.07 oz silver per ton about the middle of next year.

Total reserves of the mine, which Amax expects to be an extremely low-cost producer, are esetimated at 3.7m tons grading an average of 0.22 oz gold and 0.8 oz silver, and there is the potential for further material to be discovered both laterally and at depth.

Average annual production from this open-pit mine is expected to be about 53,000 oz gold and 47,000 oz silver, and a conventional processing plant with a daily capacity of 500 tons of ore will be used.

● Texasgulf Minerals and Metals has signed a letter of intent with PM Mineral Leaching Technologies for the testing and possible subsequent use of PM's Bioheapleach process on gold ore from the old Cripple Creek mining district in Colorado, according to PM's parent company, Giant Bay Resources of Canada.

Following the recovery of all costs by both companies, any profits will be divided in the ratio 55 to Texasgulf and 45 to PM.

● Benguet Corporation, one of the "big five" copper and gold producers in the Philippines, has taken its stake in Itogon-Suyoc Mines to 54 per cent through the purchase for 26.8m pesos ($1.47m) of a further 1.17bn shares, and plans to integrate the two groups' mining operations, which are close to one another. The aim of the move is to reduce operating costs.

Although Benguet is the country's largest primary gold producer, its gold operations lost money in the first three months of 1985, with only the copper and chromite interests returning a profit. Hogon-Suyoc is the country's fifth largest gold producer.

● Drilling on the Mulga Springs platinum prospect at Broken Hill in Western Australia has intersected material with high grades of 18 grammes of platinum, 24.6 gm palladium and 1.27 gm gold per tonne over a 1-metre interval, according to Mumbil Mines, one of the joint venturers.

Mumbil has a 25 per cent carried interest in the prospect, and its partners are Cyprus Minerals Australia, formerly Amoco Minerals Australia, Canyon Resources and Mount Gipps.

● The state-owned National Development Company (NDC) will go into phosphatic rock exploration and development in order to supplement the phosphatic rock supply of Philippine Associated Smelting and Refining (Pasar) in which it holds 60 per cent of the equity, Leo Gonzaga reports from Manila.

At present, Pasar imports this raw material from the Republic of Nauro, whose government is a 40 per cent equity participant in the local phosphatic fertiliser maker.

● Sumitomo Metal Mining Co will start operating a new gold mine at Hishikari in western Japan, towards the end of this month, Reuter adds from Tokyo.

The mine's gold deposits average about 80 grams per tonne of ore. The company plans to mine 12,000 tonnes of ore in the year ending March 31, 1986, to obtain 900 kilograms of gold and 56,000 tonnes of ore in 1986-1987 to obtain 4.5 to 5 tonnes of gold.

DAIWA EUROPE LIMITED

JAPANESE EQUITY WARRANTS SERVICE

ISSUER—Warrant expiry date	Current Market Prices: Wmt BID (%)	Wmt OFFER (%)	Share Price (Yen)	Offer Calculations: Premium (%)	Gearing	Premium/Gearing Ratio
CASIO 6/3/89	37.00	38.50	1,480	17.63	3.00	5.87
C ITOH 4/5/89	36.00	37.50	451	5.31	3.34	1.59
C ITOH 20/1/87	45.00	50.00	451	15.64	2.50	6.26
FUJIKURA CABLE 28/4/89	9.50	11.00	341	26.79	7.52	3.56
HAZAMA GUMI 1/11/89	10.50	12.00	391	34.22	7.13	4.80
J S R 28/4/89	8.00	9.50	369	32.48	8.23	3.95
JUSCO 22/12/88	77.00	81.00	850	21.61	1.84	11.75
KAYABA INDS 15/2/89	14.50	16.00	226	8.84	6.55	1.35
KUMORI PRINTING 20/12/89	18.50	19.00	2,000	20.22	5.59	3.62
MARUZEN 12/2/90	15.00	16.50	630	27.16	5.96	4.56
MINEBEA 20/2/89	35.00	38.00	605	74.67	2.05	36.50
MIT CHEMICAL 20/1/87	89.00	94.00	459	39.22	1.43	27.36
MIT CORP 7/11/88	36.00	37.50	673	2.72	3.52	0.77
MIT GAS & CHEM 20/3/89	21.50	23.00	388	4.66	4.84	0.97
MITSUI E/S 15/10/88	12.00	13.50	176	9.32	7.51	1.24
MITSUI E/S 10/12/87	28.50	30.50	175	6.99	4.14	1.69
MIT METAL 10/2/89	77.00	82.00	586	46.60	1.49	31.20
MIT METAL 10/11/89	10.50	12.00	586	33.70	7.02	4.80
MITSUI PETRO 15/2/90	26.50	28.00	425	12.41	4.35	2.85
NIPPON MINING 17/3/89	85.00	90.00	425	32.79	1.54	21.32
NIPPON MINING 15/6/90	16.00	17.50	425	31.08	5.31	5.84
NISSHO IWAI 1/2/89	16.00	17.50	301	9.88	6.00	1.61
NOMURA SECS 31/10/88	84.00	86.50	1,300	3.22	2.07	1.56
OHBAYASHI GUMI 5/4/89	52.00	54.00	364	5.69	2.59	2.20
OMRON TATEISHI 31/3/89	7.00	8.50	1,290	92.62	6.22	14.87
ONODA CEMENT 10/4/89	38.00	39.00	380	−2.20	3.49	−0.63
ONODA CEMENT 28/2/90	21.50	23.00	380	18.81	4.82	3.91
OPTEC DAI-ICHI 23/2/90	16.00	17.50	625	22.49	5.88	3.83
OSAKA TRANSFORMER 29/1/90	11.00	12.50	432	32.76	7.14	4.59
RENOWN 24/1/89	12.00	13.50	748	18.71	6.93	2.70
RYOBI LTD 26/5/90	8.50	11.00	405	13.56	9.22	1.47
SEINO TRANSPORT 17/3/88	10.00	11.50	1,020	25.66	7.20	3.56
SEIYU STORES 20/3/87	54.00	56.00	710	39.86	1.95	20.43
SONY CORP 26/4/90	17.00	18.50	3,780	38.81	4.86	7.99
SUMI CONSTRUCTION 24/3/89	53.00	55.00	292	5.26	2.58	2.03
SUMI HEAVY 24/2/89	17.00	18.50	267	−1.53	6.37	−0.24
SUMI REALTY 21/11/89	73.00	74.50	906	−0.57	2.39	−0.24
TOKYO ELECTRIC 14/3/89	6.00	7.50	885	70.30	8.27	8.56
TOKYO SANYO 8/6/87	148.00	150.00	663	63.78	1.02	62.31
TOKYU CORP 29/1/90	68.00	69.50	545	−1.10	2.56	−0.43
TOKYU STORES 20/7/90	24.00	26.50	673	9.54	4.63	2.06
TORAY INDS 6/3/87	14.00	15.50	470	10.91	6.86	1.66
TOYO ENG 28/2/89	54.00	57.00	740	44.24	1.88	23.54
YAMAMURA GLASS 8/5/90	8.50	10.00	480	16.78	9.74	1.72
YAMATO KOGYO 29/1/90	13.50	15.00	805	16.74	6.93	2.41

Reuters Monitor DABF/G/H/I/J - Further information from: Freddy Glock or Beverly Kelly on 01-248 8080
Daiwa Europe Limited, 14 St Paul's Churchyard, London EC4M 8BD

INTL. COMPANIES and FINANCE

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for July 22.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 10⅞ 90	100	101¼	101¾	+0⅛	−0⅞	10.44
Amex Credit 12⅝ 88	150	105⅝	106⅛	+0⅝	−0⅜	10.36
Atlant Richfld 10¼ 00	250	92⅞	93⅜	−0⅜	−1⅜	11.21
Bank of Tokyo 13⅜ 91	100	111⅝	112⅛	0	−0⅝	10.80
BP Capital 11⅛ 92	150	101¾	102¼	−0⅛	+0¼	10.85
Canada 11½ 90	500	105	105½	−0⅛	0	10.90
Canadian Pac 10¾ 93	100	100¾	101¼	−0⅛	−0⅜	10.55
Canadian Pac 12½ 99	75	107	107½	−0⅛	−0¾	11.43
CBS Inc 11⅞ 92	100	101⅜	101⅞	0	−0⅞	11.61
Chevron U.S.A. 12¼ 89	600	104⅜	104⅞	+0⅛	+0⅛	10.79
Citicorp 11½ 95	150	100¼	100¾	−0½	−0⅞	11.40
Coca Cola 11¾ 91	100	106	106½	0	−0⅜	10.22
Denmark Kingdom 11¼ 89	100	102⅛	102⅝	0	0	10.43
Denmark Kingdom 11½ 90	100	103⅝	104⅛	−0¼	−0¼	10.41
Denmark Kingdom 11⅛ 92	100	102½	103	−0½	−0½	10.87
Denmark Kingdom 13¼ 91	100	109⅛	109⅝	0	−1	11.05
E.E.C. 11⅛ 90	100	102⅜	102⅞	−0⅛	−0¼	10.33
E.I.B. 12 95	200	106½	107	−0¼	−0⅛	10.83
E.I.B. 13 98	200	109⅞	110⅜	−0⅛	+0⅛	11.34
Export Dev Corp 10 90	100	98⅞	99⅜	0	−0⅜	10.22
Export Dev Corp 12 89	100	105¼	105¾	−0⅜	−0⅝	10.31
Ford Motor Cred 11⅝ 90	100	101⅝	102⅛	−0⅛	0	10.79
Ford Motor Cred 11⅝ 95	100	101¼	101¾	−0⅛	+0⅛	11.34
Ford Motor Cred 11¾ 92	100	102⅛	102⅝	+0⅛	−0½	11.21
Ford Motor Cred 12 95	100	103½	104	+0⅛	−0⅞	11.31
Gen Elec Credit 10⅛ 00	200	99⅞	100⅜	−0⅛	−0¼	10.22
GMAC 10¼ 89	200	100⅛	100⅝	−0⅛	−0¼	10.11
IBM Credit 10⅜ 2000	300	100⅜	100⅞	−0⅜	−0⅜	10.27
Indust Bk Japan 12⅞ 89	100	107½	108	+0⅛	−0⅞	10.47
Japan Air Lines 13⅝ 94	100	116⅞	117⅜	−1⅛	−1⅝	10.58
Kellogg Company 10⅞ 90	100	101¼	101¾	+0¼	−0⅝	10.40
Kellogg Company 11¼ 92	100	101⅞	102⅜	0	−0⅞	10.75
L.T.C.B. 12⅞ 91	100	108⅛	108⅝	+0⅛	−1	10.93
Macy Cred Corp 11¾ 95	100	103¼	103¾	−0¼	+0⅛	11.11
Mellon Bank 13 87	100	105⅛	105⅝	+0⅜	−0¼	10.01
Merrill Lynch 12¾ 89	100	104⅝	105⅛	−0¼	−0¼	11.20
Minnesota 11⅛ 87	100	103	103½	−0¼	−0⅛	9.76
Mitsui Trust 11⅝ 90	100	102¼	102¾	−0⅜	−1	10.93
Morgan Guaranty 12⅜ 89	150	105⅜	105⅞	+0⅛	−0¾	10.62
Nth America 12⅞ 91	100	†106½	107	−0½	0	11.28
Penney J.C. 12¾ 91	100	107	107½	+0⅛	−0⅝	11.05
Pru Realty secs 12⅝ 95	546	105	105½	0	−0⅝	11.80
Qantas Airways 10⅝ 95	140	97⅝	98⅛	−	−	10.73
Quebec Hydro 11½ 92	100	101⅞	102⅜	−0⅝	−0⅞	11.03
Ralston Purina 11⅝ 95	150	103⅛	103⅝	−0⅛	−1⅛	11.15
Ralston Purina 12¼ 89	100	106⅜	106⅞	0	−1¼	10.89
Royal Bk Can 12¾ 92 XW	100	102⅛	102⅞	−0⅛	0	12.13
Saskatchewan 10 3/4 92	100	100⅝	101⅛	−0⅛	−0⅛	10.53
Saskatchewan 11 7/8 89	100	104⅜	104⅞	−0½	−1⅜	10.45
S Wales Tray 11¾ 90	150	104⅜	104⅞	−0⅜	0	10.44
Swed Exp Cred 10 92	100	96⅞	97⅜	−0⅛	−0½	10.60
Swed Exp Cred 12¾ 89XW	100	105	105½	+0⅛	−0½	10.77
Sweden Kingdom 10⅞ 90	200	101¼	101¾	−0⅜	−0¼	10.44
Sweden Kingdom 11½ 89	200	103⅝	104⅛	0	−0⅛	10.32
Sweden Kingdom 11⅜ 94	100	104½	105	−0⅛	−1¼	10.89
Tenneco Corp 10¾ 95	150	99⅜	99⅞	−	−	10.81
Texaco Capital 12⅞ 87	300	105⅛	105⅝	−0¼	−0½	9.89
Tokai Asia 11½ 95	100	102½	103	+0¼	−0⅜	11.02
Victorian Rep 11⅝ 92	150	103	103½	0	−0¼	10.90
World Bank 12¼ 94	150	108⅛	108⅝	−0⅝	−1	10.76
World Bank 12⅞ 94	200	110⅞	111⅜	−0⅞	−0¾	10.88

Average price change On day −0⅛ on week −0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	104⅝	105⅜	+0⅛	+0⅝	7.23
Austria Republic 7⅝ 94	200	104⅛	104⅞	+0⅛	+1⅛	6.91
Baxter Travenol 7¼ 94	200	101⅝	102⅜	+0¼	+0⅝	6.92
Credit National 8⅛ 94	200	105⅜	106⅛	+0⅛	+0⅛	7.19
Degussa Int Fin 7½ 94	100	102⅞	103⅝	−0¼	−0⅛	6.97
E.E.C. 8 92	200	104½	105	−0¼	+0½	7.05
E.I.B. 7¼ 94	300	101½	102	−0⅛	+0¾	6.98
Escom 8 92	150	98½	99¼	−0⅝	−0¾	8.21
Ferrovie Dello Stato 8 91	100	102⅞	103⅝	−0⅛	+0⅛	7.27
Finland Republic 7 92	200	100⅜	101⅛	−0⅛	+0⅝	6.84
Gould Int Fin 7⅝ 91	100	103⅛	103⅞	0	+0¼	6.87
Ireland 8⅛ 92	150	105⅛	105⅞	+0¼	+0⅞	7.07
Japan Fin Corp 7⅝ 91	100	104	104¾	+0⅛	+0⅞	6.71
Mitsubishi Hvy 3½ 89WW	300	126½	127¼	−1⅛	+0⅜	−3.23
Mitsubishi Hvy 3½ 89XW	300	91⅛	91⅞	−0⅛	+0⅝	6.14
Mitsubishi Met 3⅛ 89WW	100	100⅜	101⅛	0	+0½	2.94
Mitsubishi Met 3⅛ 89XW	100	87⅝	88⅜	−0¼	−0½	6.32
Pepsico O/S Fin 7¼ 94	250	103⅜	104⅛	0	0	6.65
Quebec Hydro 7⅛ 95	200	101½	102	−	−	6.87
Renfe 7¾ 95	100	102	102½	0	+0⅝	7.41
Renown 3⅛ 90	80	105¾	106¼	+0¾	+2¼	1.84
Societe Cent Nuclear 8 91	100	105⅝	106⅜	+0⅛	+0⅝	6.74
Sth African Tran 7⅝ 92	100	95⅝	96⅜	−0⅝	−0⅝	8.37
World Bank 7¾ 89	100	103	104	+0⅝	+0⅞	6.60
World Bank 8 94	200	105⅞	106⅝	0	+0½	6.99

Average price change On day −0⅛ on week +0½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101¾	102	+0½	+0¾	5.88
Avon Cap Corp 5⅜ 94	130	†98⅛	98½	+0⅜	+0⅛	5.46
Brit Land Comp 6½ 99	75	†103	103¼	−0⅛	−0¾	6.16
Council of Europe 6 92	120	†101¼	101½	−0¼	−0¾	5.76
Creditanstalt 5½ 94	100	†98½	98½	−0⅛	0	5.72
Deutsche Bk Fin 5⅝ 95	100	†101	101¼	+0¼	+0¼	5.22
E.I.B. 5⅞ 94	120	†101½	101¾	+0½	+0¾	5.64
Export Dev Corp 5⅜ 92	125	†99¾	100	−0¼	−0½	5.39
Gen Occidentale 4½ 94	80	†102¾	103	+0½	+0¼	4.12
I C Industries 5⅝ 94	125	†98½	100	−0⅝	−0⅜	5.85
Ind Fund Fin 5¾ 94	40	†100½	100¾	0	0	5.86
Int−Am Dev Bk 6⅛ 94	120	†101¼	101½	+0¼	−0¾	5.92
N.Zealand steel 5¾ 96	70	†98¼	98½	−0¼	−0¼	5.95
Oberos Kliwk 5⅜ 95	100	†98¼	98½	+0⅛	+0⅛	5.58
Ralston Purina 5⅜ 94	125	†99¾	100	−0¾	−0½	5.39
Santos Finance Ltd 6 94	130	†98¾	99	0	+0½	6.16
Tokyo Elec Pwr 5½ 93	120	†100	100¼	0	0	5.47
Tokyo Metropolis 5¼ 94	80	†98¾	99	0	+0½	5.40
World Bk 5¾ 94	150	†100½	101¼	−0½	−0¾	5.62

Average price change On day 0 on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Finland Republic 6¾ 90	15	100	100½	0	0	6.68
Gdyr Tr & Rubber 7⅛ 95	25	98¼	98¾	−	−	7.19
Mort Bk Denmark 7 92	10	100½	101	0	0	6.85
New Brunswick 7⅛ 95	10	101⅜	101⅞	−0⅛	+0¼	6.89
World Bank 6⅝ 90	25	100	100½	−0⅛	+0⅛	6.55

Average price change On day −0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia Com 12⅞ 90SA	125	101⅝	102⅜	−	−	12.28
Citicorp Aust 13½ 88SA	40	101	102	−	−	12.85
CSR Finance 13¼ 90 SA	40	101¼	102¼	−	−	12.74
Nissho Iwai 13¼ 90 SA	30	99¾	100¾	−	−	13.16
Amex 10¾ 90 CS	50	100	100½	−	−	10.67
Genstar Fin 11⅝ 95 CS	75	96⅝	97⅛	−0⅜	−0¼	12.30
Hamil−Went'th 10¾ 95CS	25	†95⅜	95⅞	−	−	11.33
Loblaw Cos 11⅝ 92 CS	50	†100	100½	−	−	11.56
New Brunswick 11⅜ 95CS	75	†101½	102	−0¼	−0¾	11.31
Shell Canada 11¼ 92 CS	75	100⅝	101⅛	−0⅜	−0⅝	11.08
Winnipeg City 10⅝ 90CS	50	98¾	99¼	−0⅜	−0¼	10.89
BP Capital 16 88 NS	50	†101	102	−	−	15.33
Danish Ex Fin 16⅛ 90NS	40	†96	97	−	−	17.22
KB Bena 16⅜ 90 NS	50	†98	99	−	−	16.84
N Z Govt. 9¼ 90 ECU	100	†104¼	104¾	−0½	+1⅝	8.09
N.Z Govt. 9½ 92 ECU	100	†104¼	104¾	−0½	+1⅜	8.69
Rabobank 9⅝ 95 ECU	75	†107¼	107¾	−0⅜	+0¾	8.48
Eurofima 7½ 92 FL	50	102½	103	−0⅛	0	6.97
Philips Lamps 7½ 90 FL	100	102¼	102¾	0	0	6.86
Rank Xerox 8 90 FL	100	104½	105	−0⅛	0	6.79
Van Lanschot 7½ 90FL	50	101⅞	102⅜	−0⅛	−0⅛	6.97
World Bank 7½ 90 FL	150	102⅛	102⅝	−0⅛	0	6.89
E C S C 11¼ 92 FF	300	101¼	101¾	−	−	10.91
Amer Express 11⅝ 92 £	30	103¾	104¼	−0⅜	−0⅛	10.49
Australia Comm 11 92 £	40	99⅝	100⅛	−0⅛	+0⅛	11.00
BP Capital 10¾ 92 £	50	99¼	99¾	+0⅛	+0⅜	10.84
E.I.B 11⅛ 93 £	50	101¼	101¾	0	+0⅛	10.80
GMAC UK Fin 10½ 90 £	30	98⅞	99⅝	−	−	10.89
Imp Chem Inds 11¼ 95 £	75	101½	102	0	+0⅝	10.94
Inco 12¾ 93 £	50	102⅞	103⅜	−0⅛	0	12.05
Mcdonalds 10⅞ 90 £	40	99½	100	0	+0¼	10.91
Privatbanken 11⅞ 92 £	20	100	100¾	0	−0⅛	11.76
Rank Xerox 11 92 £	40	99½	100	0	0	11.03
Royal Trustco 11⅜ 90 £	30	100¼	100¾	−0⅛	−0⅜	11.19
Ster Drug Cap 10⅞ 90 £	30	99⅝	100⅛	−0⅛	+0¼	10.88
Tricentrol XW 11 92 £	35	94⅛	94⅞	+0⅛	−2	12.21
Trusthouse Forte 11⅛ 90£	50	99¼	99¾	−0⅛	+0¼	11.23
World Bank 11¼ 95 £	100	102⅝	103⅛	−0¼	−0⅛	10.75
E.C.S.C. 10½ 94LF	100	†104¾	105¾	−0⅛	−0⅜	9.60
Nat Lux Alum 10½ 92 LF	600	†105¼	106¼	−0⅛	−0½	9.35

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Banco di Roma 5¼ 92	0	99	99¼	24/7	7.56	7.63
BankAmerica O/S 5¼ 96	0⅛	99⅝	99⅞	3/9	8⅛	8.15
Bank of Montreal 5 96	0⅛	100¼	100½	29/7	8¾	8.72
Bankers Trust 5 2000	0	99⅜	99⅝	11/9	7.69	7.73
Bankers Trust 5¼ 96	0⅛	100⅛	100⅜	13/8	8.56	8.54
B.F.C.E. 5¼ 99	0⅛	100⅛	100⅜	13/9	10.06	10.04
B.N.P. 5¼ 96 (July)	0¼	99⅞	100⅛	22/7	9⅛	9.13
C.C.F. 5¼ 97	0	99⅜	99⅝	22/9	10⅝	10.68
Chase Man'tn 5 2000	0	98⅛	98⅝	9/8	8⅝	8.77
Chase Man'tn 5¼ 2009	0⅛	99¾	100	5/9	7.81	7.82
Citicorp O/S 5¼ 96 Sep	0⅛	99⅜	99⅝	19/12	11.19	11.24
Credit Lyonnais 5¼ 96	0⅛	100⅜	100⅝	11/10	9.69	9.64
Ireland 5¼ 97	0	100⅛	100⅜	28/10	9.89	9.85
Ireland 5¼ 99	0	100¼	100½	14/9	10	9.96
Italy, Republic 5 94	0⅛	100	100¼	12/11	8⅞	8.86
Lloyds Bank 5¼ Perp	750	99¾	100	−	−	8.01
Midland Bank Perp 5	0¼	99⅛	99⅜	19/12	8⅛	8.19
Nat West Perp 5	0⅜	100⅜	100⅝	13/11	9⅛	9.08
Nat West Perp A 5¼ S	0¼	99⅛	99⅜	9/1	8¼	8.31
Nat West Perp B 5¼ S	0¼	99⅛	99⅜	9/8	5¼	5.29
Queensland Coal 5¼ 98	0¼	100¼	100½	12/11	9	8.97
Roy Bk Canada 5 2005	0⅛	99¼	99½	5/8	7⅞	7.92
Roy Bk Scot 5¼ 2005 £	0	98½	98¾	2/8	12.81	12.99
Sweden Perp 5¼	0¼	99⅞	100⅛	9/1	8.31	8.31
Tokai 5¼ 99	0⅛	100¼	100½	12/12	8⅛	8.09

Average price change On day −0¼ on week −0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	105⅛	106⅛	−0⅛	5.21
Fanuc 3¾ 98	1/84	7032.3	139	140	−0¼	35.79
Fujitsu 3 99	5/84	1320.9	75⅛	76⅛	−2⅞	12.35
Kumagai Gumi 3½ 2000	3/85	600	147	148¼	−0⅞	−2.04
Marui 3½ 99	7/84	1162	114⅞	115⅞	−0¼	5.71
Mitsubishi Elec 2⅞ 00	3/85	422	90⅝	91⅝	−1⅜	−1.53
Murata 3½ 99	2/84	2351.2	82⅞	83⅞	−3⅛	25.65
Murata 3½ 2000	7/84	2398	81¾	82¾	−2⅞	27.34
Nippon Elec 2⅞ 2000	1/85	1295	79⅞	80⅞	−1⅝	17.81
Nippon Oil Co 3 2000	5/85	923	106½	107¾	−2⅜	0.82
Nippon Oil Co 3¼ 99	3/84	1052	98½	99½	−2⅝	15.39
Old Elec Ind 3½ 99	10/84	805	87⅝	88⅝	−0⅜	26.79
Orient Leasing 5¼ 98	6/83	2680	111½	112	+1	0.18
Sekisui House 3 99	6/84	612	121½	122½	−2⅛	5.39
Sony Corp 2 2000	5/85	4578	83	84	−0⅞	−0.45
Sumitomo Corp 2⅞ 99	5/84	593	130⅞	131⅞	0	1.14
Taiyo Yuden 3¼ 2000	3/85	1078	88½	89¾	−0¼	−0.74
Takeda Riken 3⅜ 2000	10/84	7683	†77	79	0	38.85
Tokyo Sanyo Elec 3½ 99	12/84	772	90⅜	91⅝	−2⅞	−1.51
Toshiba Ceramics 3 2000	4/85	1734.2	78	79	+0⅜	3.67
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†107¼	107¾	+0⅜	15.80
Nippon Shinpan Co 2 92 SF	3/84	801	†101½	102	−3⅞	13.83
Asics 5 92 DM	12/83	520	106	107	+0¾	30.74
Sam Realty 6¼ 92 DM	2/83	338	†318	319	+15	2.71

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn: – current coupon. Cu. yld – current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

North American quarterly results

AMERICA HOME PRODUCTS
Drugs, household products

Second quarter	1985 $	1984 $
Revenue	1.11bn	1.07bn
Net profits	167m	158m
Net per share	1.09	1.02
Six months		
Revenue	2.32bn	2.21bn
Net profits	348m	331.1m
Net per share	2.27	2.13

CHESEBOROUGH-POND'S
Cosmetics, toiletries

Second quarter	1985 $	1984 $
Revenue	825.9m*	363.3m
Net profits	24.8m	23.3m
Net per share	0.71	0.65
Six months		
Revenue	1.26bn*	696.6m
Net profits	43.7m	41.9m
Net per share	1.25	1.17

* Reflects stauffer acquisition

FEDERAL EXPRESS
Package delivery

Fourth quarter	1984-85 $	1983-84 $
Revenue	592.7m	413.2m
Net profits	41.9m	28.7m
Net per share	0.89	0.61
Year		
Revenue	2.03bn	1.44bn
Net profits	76.1m	115.4m
Net per share	1.61	2.52

FIRST BOSTON
Securities dealer

Second quarter	1985 $	1984 $
Revenue	263.6m	131m
Net profits	44.8m	17.1m
Net per share	1.56	0.68
Six months		
Revenue	456.2m	268.6m
Net profits	70.9m	87.4m
Net per share	2.49	1.47

FIRST CITY BANCORP.
Bank holding co.

Second quarter	1985 $	1984 $
Revenue	—	—
Net profits	13.7m	25.5m
Net per share	0.28	0.65
Six months		
Revenue	—	—
Net profits	21.3m	48.9m
Net per share	0.36	1.28

GENERAL FOODS
Processed foods, coffee

First quarter	1985-86 $	1984-85 $
Revenue	2.27bn	2.28bn
Op. net profits	77.7m	72.5m
Op. net per share	1.65	1.41

GEORGIA-PACIFIC
Forest products

Second quarter	1985 $	1984 $
Revenue	1.79bn	1.67bn
Op. net profits	67m	66m
Op. net per share	0.61	0.60
Six months		
Revenue	3.37bn	3.18bn
Op. net profits	116m	109m
Op. net per share	1.04	0.97

RALSTON PURINA
Agricultural, pet foods, restaurants

Third quarter	1984-85 $	1983-84 $
Revenue	1.39bn	1.17bn
Net profits	57.1m	36.6m
Net per share	0.71	0.42
Nine months		
Revenue	4.44bn	3.79bn
Net profits	197.5m	184.5m
Net per share	2.42	2.01

TRANSAMERICA
Financial services

Second quarter	1985 $	1984 $
Revenue	1.72bn	1.37bn
Net profits	46.3m	53.7m
Net per share	0.70	0.83
Six months		
Revenue	3.30bn	2.6bn
Net profits	87.2m	115.5m
Net per share	1.33	1.78

UNION PACIFIC
Energy, natural resources

Second quarter	1985 $	1984 $
Revenue	1.95bn	2bn
Net profits	132.2m	128.4m
Net per share	1.10	1.04
Six months		
Revenue	3.92bn	3.97bn
Net profits	245.6m	229.7m
Net per share	2.04	1.86

UK COMPANY NEWS

Sanderson sale nets Reed Intl. £10m cash

Reed International has realised £10m in cash from the sale of Sanderson, one of Britain's best-known furnishing fabric manufacturers, to West Point Pepperell, a major U.S. textiles group.

Reed and West Point announced last month that they had reached agreement in principle on the sale but did not give a purchase price.

Announcing completion of the deal yesterday, Reed said it had retained Sanderson's 70-acre freehold site at Uxbridge. Sanderson had entered into a lease for the part of the site occupied by its office and factory.

Sanderson's businesses in the UK, U.S. and Canada employ 940 people and had trading profits of £400,000 in the year to March 31 on turnover of £40m.

The sale forms part of a flurry of disposals and acquisitions by Reed under a strategy of concentrating on a narrower range of activities.

Hillards confident after record year

AFTER successfully shaking off the affects of the miners' strike in the opening half, Hillards, the West Yorkshire based supermarket operator, now reports increased pre-tax profits for the full year to April 27 1985. The figures rose from £6.76m to £7.73m from turnover up from £233.4m to £257.23m. This included VAT of £14.03m against £12.8m.

The final dividend is hoisted from 3.35p to 4.1p for an increased total of 5.8p with 4.8p. The company proposes a one-for-one scrip issue, but the new shares will not rank for the final dividend to be paid on October 4.

Mr Peter Hartley, the chairman, says the directors expect that the 53-week period ending May 3 1986 will again show an increase in net profits, despite the Impact of the opening of four new large stores. He is confident that the expansion in selling area will contribute to increased profits in the following years.

He says he is particularly pleased to be able to report further records in both turnover and profits in this, the company's centenary year.

A new large store was opened in Rotherham in September 1984, and the current year will see major expansion with the opening of four large stores which will add another 115,000 sq ft of selling space. A new store in Scunthorpe opened last week, and in October and November new large stores will be trading at Lincoln, where an existing supermarket will be replaced, Scarborough and Brownhills in the Midlands.

Capital expenditure in 1985-86 will depend on the timing of site acquisitions and the start and phasing of building costs. It is anticipated that the total capital expenditure will be in the range of £13m to £16m. Capital expenditure in the 12 months under review was £11.6m.

Operating profits at the year-end totalled £8.76m compared with £7.47m. The pre-tax figure was after net interest payable of £619,000 (£373,000) and employee profit sharing, which amounted to £410,000 against £335,000.

Tax was down from £2.31m to £1.75m, and after dividends of £1.43m (£1.18m), retained profits emerged at £4.56m (£3.27m). Stated earnings per share were up 34 per cent from 18.2p to 24.38p.

Net asset value per share was 107p (88p) at the year-end, and net asets were £26.2m against £21.6m.

As a measure of the group's growth, the total workforce during the year was increased from 5,330 to 5,864, of which 3,363 (2,757) were part-time employees.

Mr Peter Hartley, executive chairman of Hillards

● comment

Business at Hillards' existing stores proceeded more briskly in the second half, reversing some of the 2 per cent decline in the first. Some of this was due to the return to work at the pits, the effect of which in some areas may take another year to be felt fully. It is, however, reassuring to know that Hillards' growth is not just coming through as additional stores compensate for the shrinkage at old ones. In the current year expansion will continue apace, adding both to interest charges, and pushing above the line opening costs perhaps four times higher than those last year. Nevertheless, the company is still expected to come through with a respectable increase in profits to at least £8.5m, with a stronger rise expected in 1986-87 as the new stores establish themselves. Assuming a tax rate of 30 per cent the shares, up 7p to 345, are on a price earnings multiple of 14, which seems fair on trading grounds alone. The price no longer seriously anticipates a bid, and given any renewal of takeover talk, there is plenty of room between the current price and the years high of over 400p.

Manders tries to simplify property stake

By David Goodhart

Manders Holdings, manufacturers of paint and printing ink, has reached conditional agreement with Prudential Assurance to acquire its leasehold interests in the Manders Centre shopping centre in Wolverhampton for £12m.

Manders owned 45 per cent of the original site freehold and recently bought out the 40 per cent owned by Central Arcade Wolverhampton for £2.7m. Since 1972 the freehold interests have been leased to the Prudential which financed the shopping centre development.

Mr Geoffrey Norman, chairman of Manders, said yesterday that the proposed acquisition from the Prudential simplified the complex ownership structure of the centre and paved the way for its modernisation and refurbishment. He said it also improved the quality of Manders' investment in the centre by avoiding a sharp reduction in income that would follow the Prudential's rent review due in 1993.

On the basis of present rental and interest rates the acquisition will mean a reduction in Manders' property earnings because financing costs will, in the short term, exceed the reduction in rent payable to the Prudential.

The total value of the centre is estimated by the company at £35m—which includes an extra £5m from the "marriage" of the freehold and leasehold interests.

Fraser buys more Debenhams shares

House of Fraser, the department stores group, has raised to 11.13 per cent its stake in Debenhams, its High Street rival, which is fighting a £550m takeover bid from Burton Group.

With 11 days until the final closing date of the Burton offer, House of Fraser's continued buying of Debenhams shares gives it a major strategic role in the outcome of the battle.

Burton shares closed last night at 448p, down 2p on the day, valuing its paper and cash offer at a litt less than 329p for each Debenhams share. Debenhams shares closed last night unchanged at 313p.

Mills and Allen rights

Mills and Allen International's rights offer of 8,828,108 new ordinary shares at 285p per share, has been taken up to the extent of 8,343,535 shares, representing 94.5 per cent.

Those shares not taken up have been sold at 308p in the market. The issue was underwritten.

Virani holding

Virani Group (UK), the privately-owned leisure, hotel and property group, headed by Mr Nazmu Virani, has increased its holding in Woodhouse and Rixson (Holdings), a Sheffield-based manufacturer of forgings, from 11.1 to 14.3 per cent.

Virani first disclosed it had a holding — then 8.3 per cent — in Woodhouse in May. It has described its stake as "purely an investment." Woodhouse's shares rose ½p to 32p yesterday.

Hanson stake

Hanson Trust confirmed yesterday that it had a stake of approximately 1.5 per cent in J. Rothschild Holdings, the investment company headed by Mr Jacob Rothschild. Hanson said this was purely an investment stake. It had not bought shares for some time and had no intention of adding to its holding.

De La Rue

The annual meeting of De La Rue will be held tomorrow at the Cafe Royal, Regent Street, London, W1 at 11.30 am, not on Friday as reported in this week's financial diary.

ACORN'S £20m REFINANCING PACKAGE

AB Electronic forecasts net asset rise

AB Electronic Products Group, one of the major creditors taking part in the Acorn refinancing package, said yesterday that its pre-tax profits for the second half to June 30 should exceed those for the first half, prior to any exceptional write-off relating to Acorn.

It also estimated that after full provision had been made for anticipated losses from the Acorn situation, AB's net assets as at June 30 this year would show an increase on the £30m recorded at the same end-of-year date in 1984.

AB said in a statement that its turnover in the year to June was approximately £120m, including sales to the home computer sector, against £69.7m in 1984.

It noted that when announcing its interim figures last April it had said it was confident that profits for the second half would again exceed those of the first half, although not to the same extent as in recent years.

"Prior to any exceptional write-off relating to Acorn the results for the year to June 30 are expected to be well in line with this forecast," it added. In the six months to December the group reported pre-tax profits of £3.4m (£2m) on sales of £59.9m (£29.7m).

AB said it was confident that significant expansion would take place in the year to June 1986, excluding further sales of home computers. In particular, continued growth was expected in telecommunications and data processing, automotive, defence and aerospace electronics.

AB shares closed up 28p on the day at 260p.

Rescue plan to give Olivetti 80% stake

BY JASON CRISP

Acorn Computer, the troubled home computer group, has agreed a refinancing package wothr over £20m which involves its six main creditors, its largest shareholder, its bankers and the BBC.

Acorn's shares were suspended four weeks ago after the company ran into its second financial crisis this year. In February Olivetti, the Italian office products group, took a 49.3 per cent stake for £10.4m.

Under the refinancing package agreed yesterday Olivetti will increase its stake to 79.8 per cent by paying £4m for 400m new shares at 1p. This will reduce the publicly held proportion of Acorn to about 6 per cent. The two founding directors, Mr Chris Curry and Mr Herman Hauser, will hold about 14 per cent.

The six main creditors representing 70 per cent of the total amounts outstanding have agreed to make substantial write-offs. Other creditors will be paid in full in due course, says Acorn.

The total owed to the six for goods delivered or committed for future delivery is £24.6m. On completion of the refinancing they will receive £8.4m immediately and a further £3.9m over the next 12 months.

They have agreed to write-off £7.9m and accept £4.4m in unsecured loan stock. Some £3.7m of the loan stock will be redeemable in five to seven years and bear interest and £700,000 will not bear interest and be repaid out of a proportion of future profits.

Barclays Bank has agreed to increase Acorn's banking facilities to £16m which has certain guarantees from Olivetti. Acorn's previous borrowing limit was £14m subject to certain minimum levels of stocks and debtors which kept the limit to £8m. The new facilities do not have the same restriction.

The BBC, which receives royalty payments for the use of its name on Acorn's main product, the BBC Micro, has agreed to write off 50 per cent of past royalties due to be paid since July 1984.

That write-off is for £2m. The BBC will receive £330,000 still outstanding when the refinancing is completed. The BBC has also agreed to a cut in its future royalty which was 5 to 10 per cent on the wholesale price.

Acorn is to send a circular to shareholders detailing the refinancing package and including a pro forma balance sheet in the next two to three weeks.

An extraordinary g eneral meeting will be convened to approve the changes. The company will seek permission to recommence dealings on the Unlisted Securities Market on the working day following the posting of the circular.

Erskine House expands pest control side

By Charles Batchelor

Erskine House, the copier rental, security and bureaux de change group headed by Mr Brian McGillivray, is acquiring W. H. Groves and Family, a private company in the commercial pest control business, for up to £1.05m.

Groves is believed to be the second largest company in this field with turnover of £3.4m in the year ended March 1985 and pre-tax profits of £188,400. Rentokil, where Mr McGillivray was chief executive before he moved to Erskine, has an estimated 80 per cent of the market.

The purchase represents a major expansion of Erskine's pest control business. This division accounted for £164,000-worth of turnover or 1 per cent of Erskine's total sales in the year ended March 1985.

Two-thirds of Groves' turnover comes from its hygiene and pest control services, which includes several large store chains among its customers.

Groves also assembles, distributes and services equipment for the control of flying insects under the Insect-o-Cutor name. In addition, Groves has a laundry business, Sovereign Cleaners, based in Surrey, which specialises in hotel work.

Groves had net tangible assets worth £503,000 at March 31 1985.

Erskine will pay £800,000 on completion, comprising £400,000 in cash from its own resources, and £400,000 nominal of new 10 per cent five-year convertible unsecured loan notes.

Up to a further £250,000 will be paid one year after completion in loan notes with a four-year term. This payment will fall by £4 for every £1 by which combined pre-tax profits of Insect-o-Cutor and the laundry fall short of £225,000 in the year ending March 1986.

DRG Canada

Pre-tax profits at DRG's Canadian subsidiary improved by 8.7 per cent from C$3.99m (£2.96m) to C$4.32m (£3.22m) in the six months to June 30 1985. Net sales in the first six months were 6 per cent ahead at $60.08m compared with $56.65m.

The company had a slow first quarter, mainly resulting from a six-week lock-out at the breweries in Ontario, but this was followed with a strong second quarter.

The number of employees was further reduced by 5 per cent and other cost cutting measures were introduced. The board says the market place continues to be extremely competitive as a result of over capacity.

However, they say its plant modernisation programme is assisting in its attempt to maintain margins by controlling costs.

All units are entering the second half with strong order books and this should auger well for the rest of the year. A dividend of 13.5 cents is being recommended.

Tax was higher at $1.76m against $1.43m, leaving net income at $2.58m

Stone disposes of three offshoots in £0.9m deal

BY DAVID GOODHART

Stone International, the Crawley-based systems engineering group, has sold off its three small companies for £880,000 to a consortium of the existing management (25 per cent) and Robert K. Francis Holdings (75 per cent).

The new company, which will trade as Rossmore Engineering, is made up of Rossmore Engineering Company, Allen Fourways Systems and the Package Heater Company. The three companies were acquired by Stone in March as part of its £2.1m purchase of the failed boiler-making group W. G. Allen and Sons (Tipton).

Stone said yesterday: "The companies are well known and respected in the fields of small packaged air heaters, materials handling and general engineering, but their contribution to Stone's sales and profits was not significant and their activities were not compatible with Stone's long-term strategy of expanding its international energy systems."

Mr. Albert Welch, managing director of Rossmore, said that the company is expecting a turnover of £2m with net profits running at about 10 per cent by the end of the year.

Rossmore, which employs about 70 people, will end its year in December in line with the unlisted Francis Holdings.

J. Lyons' offshoot in motor deal

Normand, the motor dealership arm of J. Lyons & Co, has bought Westerns (Dartford), a Vauxhall/Bedford main dealership based near the Dartford Tunnel in Kent.

This takes the number of car and commercial vehicle franchises held by Normand to 14 and five respectively, and will push total turnover to more than £100m in the year ending March 1986.

The company has plans to invest more than £2m in a new Mercedes-Benz car service depot at Park Royal in West London, and intends to acquire other motor dealerships when suitable opportunities arise.

Normand recently acquired an Austin-Rover franchise in West London, a Vauxhall main dealership at Heathrow and a Ford main dealership in Swindon.

Alva dividend cut 64%

With a fall in net asset value and gross income down by 32 per cent, Alva Investment Trust has cut its dividend for the year to the end of February 1985 by 64 per cent.

Net asset value at the year end stood at 259p, compared with 280p a year earlier. Gross income fell from £353,000 to £241,000, with pre-tax revenue coming out at £97,000, against £218,000 for the previous year, a fall of 56 per cent.

A final payment of 1.3p is proposed, making a total for the year of 2.9p (8p).

The board says that the trust's policy, decided on in 1982, of investing mainly in unlisted holdings, has resulted in its achievements not being reflected in its valuation. It adds that this will only happen when the investments mature sufficiently.

It is believed that in several cases that will be attained in the near future when they will be reflected in the results of the Glasgow-based trust.

Gross income included interest received and dividends of £223,000 (£271,000), interest on temporary deposits £16,000 (£68,000) and underwriting income of £2,000 (£13,000).

Tax took £46,000 compared with last year's £77,000, leaving earnings per share at 2.92p (8.06p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Alva Investment	1.3	Sept 6	4.5	2.9	8
Hillards	4.1	Oct 4	3.35	5.8	4.8
Marling Industries	0.9	Oct 1	0.78	1.5	1.3
Murray Smaller Markets	1.8	Sept 25	1.6	2.5	2.2
Murray Smaller Mks. int	0.8	Jan 6	0.7	—	2.5
Northamber	1‡	—	nil	1	nil
Tops Estates	*0.63*	*Oct 4*	0.35	*0.63*	*0.35*
Unilock	1.5§	—	0.93	1.5	0.93

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for script issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

UK COMPANY NEWS

Northamber makes £1.2m as growth accelerates

THE 1984-85 year for Northamber saw a continuation of the rapid growth in both turnover and profitability that it has achieved since its formation in 1980.

Furthermore, the current year has started well with continuing strong growth in both sales revenue and profits and Mr David Phillips, the chairman and managing director, is confident of a satisfactory outcome for the period.

For the past year, to end-April 1985, turnover accelerated from £9.59m to £16.12m and profits before tax from £790,444 to £1.21m. As promised in the prospectus shareholders are to receive a dividend of 1p net per 5p share.

Mr Phillips points out that since he founded the company turnover and profits have grown comfortably in excess of 50 per cent per annum—for the period under review they rose by 68 per cent and 53 per cent respectively.

Substantial investment in both premises and staff has taken place over the past year to enable the group, the largest printer and peripherals distributor in the UK, to take full advantage of the further growth opportunities now open to it.

Mr Phillips says that as competitive pressures force the weaker distributors out of the market he sees several areas offering the prospect of additional strong growth.

As an example he points to a recently - published Frost & Sullivan report predicting that the European impact printer market would increase from $3.3bn (£2.37bn) to $19bn (£13.64bn) by 1989. The report also predicted that over the same period the newer types of non-impact printers would increase from $382m to almost $2.9bn.

Shareholders are told that with its wide and diverse product range, extensive customer base and sophisticated financial controls Northamber has the ability to fully participate in this growth.

In addition, Mr Phillips says the group is moving into related markets such as data communications products where a new division was established early this year.

Initial trading experience in this market, he adds, has been most promising.

Tax for 1984-85 took £503,640, against £356,395, to leave net profits at £709,254, compared with a previous £434,049, equal to earnings of 9.6p (5.9p) per share.

Group pre-tax profits for the first six months to October 1984 improved from £309,000 to £454,000, an increase of 47 per cent. At the time the directors were encouraged by the outlook for the year as a whole.

They said that the opening of new offices and a warehouse at Chessington provided 16,000 sq ft of additional space and that this, coupled with continuing product expansion and market penetration, would further assist in the long-term growth of the group.

Northamber came to the Unlisted Securities Market in June last year via a placing of 1.35m shares (18.3 per cent of the equity) at 115p per share. Yesterday, the shares rose 7p to 137p.

Real Time profits tumble to £0.3m

A DIFFICULT year has been experienced by **Real Time Control**, computer systems and terminals manufacturer, with turnover almost static and pre-tax profits tumbling from £817,000 to £312,000.

However, the directors of this Watford-based company report that the sharp decline in profitability which occurred during the first half has been arrested. For the second half the pre-tax result amounted to £194,000, but this was still well below the £402,000 earned in the comparable period.

The improvement on the first half reflects intense management action aided by the stabilisation of the sterling exchange rate, and an easing in the electronic components supply situation, the directors say.

In anticipation of the results being a temporary setback in the company's fortunes, the single final dividend is being maintained at 2p net. Stated earnings per 5p share are shown almost halved, from 7.3p to 3.9p.

Although turnover was little changed at £3.74m (£3.73m), the directors say that the company has maintained its strong position in electronic point of sale equipment for the wholesale industry, and has continued to invest heavily in positioning itself in the potentially much larger retail point of sale market.

This market has taken longer than expected to develop but they believe that the situation is changing with a high level of enquiries now being generated.

Operating profit fell substantially from £679,000 to £222,000 and the pre-tax result included a lower £90,000 (£138,000) from investment income.

The tax charge amounted to £36,000, against £307,000, and there were extraordinary debits last time of £122,000, which represent the costs of the company's flotation on the USM in August 1983.

Marling Industries turnover up 13% after a busy year

FOLLOWING a year of great activity **Marling Industries**, the industrial textile manufacturer, finished the period to the end of March 1985 with turnover ahead by 13 per cent but pre-tax profit unchanged.

Group turnover rose by £3.47m to £30.87m, with pre-tax profit coming out unchanged at £2m for the 12 months. A final payment of 0.9p is being recommended, making a total for the year of 1.5p (1.3p).

However, in the second half, although turnover grew from £14.58m to £18.48m, pre-tax profit fell from £1.21m to £1.11m.

During the year, two subsidiaries were sold, two were bought and stakes acquired in four others, increasing the company's involvement in the manufacture of webbing and lifting slings and gaskets.

Mr Peter Held, managing director, says that it is encouraging that the group's performance has improved in a year which has seen continued restructuring to provide a strong basis for future long-term growth.

He adds: "The year under review saw the continuation of a series of forward moves which already give every indication of a significant profit growth."

Sales for the first quarter of the present year show an increase of more than 33 per cent, Mr Held says. Order books indicate that these levels will be maintained for the full year.

Operating profit fell from £2.52m to £2.5m. The pre-tax figure was struck after interest payable of £684,000 (£522,000) and £125,000 (nil) relating to the share of associated company results. There was also a figure of £58,000 representing losses incurred by subsidiaries which related to the pre-acquisition period.

Tax took £878,000, compared with the previous year's £647,000, leaving net profits at £1.12m (£1.35m). Minority interests took a further £13,000 (£7,000) and there was a transfer from reserves of £5,000, against a payment last time of £91,000, and extraordinary items of £162,000 (£351,000). That left attributable profit up at £954,000 compared with £905,000.

Dividend payments were £226,000 (£191,000).

In respect of the interim payment for the year there was a waiver on 1m shares giving a saving of £5,200.

Lewmar

The offer for sale of 6m Lewmar ordinary shares at 110p per share was oversubscribed. Cheques for amounts payable on application will be presented for payment, and details of the basis of allotment will be announced as soon as practicable.

Black Arrow

FROM SALES 9.7 per cent higher at £9.16m, the **Black Arrow Group** has lifted its pre-tax profit by 27 per cent, from £1.04m to £1.32m, in the year ended March 31 1985.

These figures, says the chairman Mr Arnold Edward, can only be regarded as highly satisfactory. He is raising the final dividend to 2.7p for a net total of 4.2p, compared with 3.5p in 1983-84.

Turnover was analysed as to leasing and instalment finance £1.29m (£975,000), office furniture distribution and partitioning £6.92m (£6.19m) and electrical appliance distribution £944,000 (£1.18m).

After tax £540,000 (£238,000) and minorities £1,000 (nil), the net attributable profit works through at £779,000 (£800,000)

Unilock improves to £1m

Unilock Holdings raised its profits before tax from £448,000 to £1.07m in the year to March 31 1985, from a turnover of £19.76m, compared with £14.42m.

The dividend is being increased by 62 per cent to 1.5p (0.925p) net from earnings of 3.68p (2.06p) per share—the dividend has doubled in the past two years which the directors say indicates confidence in the continued rise in profitability.

The group is primarily engaged in the manufacture and sale of relocatable partitioning systems, interior refurbishing contracts, moveable walls and free standing screens. The contracting division, responsible for over 70 per cent of turnover and profits, continued its policy of regionalisation and the development of products to meet market needs. Continuing growth is anticipated.

Partitioning remains the single largest segment of the business. Turnover increased and higher margins were achieved.

An additional manufacturing unit for the screen and furniture division has been opened in Andover to satisfy the considerable potential in this business sector.

The directors say prospects for growth are excellent. The balance sheet is strong, with high cash reserves. Opportunities are being sought to increase market share both by internal growth and acquisition, and profitability is expected to increase in the coming year.

BOARD MEETINGS

TODAY

Interims:— Crescent Japan Investment Trust, Rowland Gaunt, Lada Investment Trust, Meldrum Investment Trust, New Tokyo Investment Trust.

Finals:— AAH, Hampton Trust, Ocean Wilsons, Alfred Preedy.

FUTURE DATES

Interims:—	
AC Cars	July 30
Abbey Panels	Aug 2
Ayrshire Metal Products	Aug 7
Banco De Santander	July 24
Clarke (T.)	Aug 16
Reuters	Aug 5
Rotork	Aug 6
Temple Bar Investment Trust	July 29
Finals:—	
Caledonian Assoc. Cinemas	July 31
Copson (F.)	Sept 2
Electron House	Aug 1
Equipu	July 29
Stavert Zigomala	July 30
Tomkins (F. H.)	July 29

CONTRACTS

£13m Egyptian cable project

Hampshire-based **PIRELLI CONSTRUCTION** has won an order in association with Treficable Pirelli in France. The total order is valued at £13m, of which the installation content is £5m, and calls for the provision of high voltage power cables and accessories, together with switchgear, to supply electricity to a new £800m steelworks in Alexandria, Egypt. A total of 48km of 220,000 volt single-core copper conductor oil filled cable is involved, comprising two separate routes. These cables, together with the accessories, are to be produced at the Treficable Pirelli factory near Paris. Work on site is programmed to commence later this year with completion during late 1986.

★

AUSTIN ROVER has won an £8m order for the Montego estate car. Rank Xerox has ordered 1,200 of the vehicles.

★

HASTIE INSULATION (IRELAND)—a member of the Pilkington Group based at Drogheda, Co. Lough — has just won the Phase 2 contract for the development programme underway at Arthur Guinness Son and Co. (Dublin). The contract is worth over £1m and involves insulation and cladding a series of new beer processing vessels at the Dublin-based brewery complex. Hastie will commence work on site at the St. James's Gate Brewery in September.

★

DAVY McKEE NUCLEAR, Stockton-on-Tees, a Davy Corporation company, has been awarded by the Central Electricity Generating Board, a contract to build a Magnox Dissolution Plant at Dungeness "A" power station. The contract, valued at just over £1m, is scheduled for completion by the end of 1986. It covers the design, procurement, construction and commissioning of the plant on a turnkey basis. The process has been developed by CEGB Berkeley Nuclear Laboratories and has been the subject of a design study by Davy McKee Nuclear over the past two years in which the basic design of the plant has been determined. The plant will recover sludge and splitters from the existing vaults where they have been stored for some years, and will separate the magnox by dissolution in carbonic acid. The plant will enable the inventory of the vault to be substantially reduced.

★

KIRKBY—BUS AND COACH of Anston, near Sheffield, has won an order for 57 coaches from Wigan-based Smith's-Happiway-Shearing Group, subsidiary of Pleasurama. In co-operation with Volvo, Plaxton, Van Hool, Leyland and Duple, Kirkby are to supply 51 Volvo B10M coach chassis, consisting of 30 Van Hool Alizee bodies and 21 Plaxton Paramount bodies, together with six Leyland Tiger chassis with four Van Hool Alizee and two Hestair Duple coach bodies. The total deal is worth over £3.5m. Kirkby's will also be involved in the disposal of 51 used coaches, mainly Ford and Volvo. dh—Qfini/,6MHRuaqe eta etaoic

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SCOTT WILSON KIRKPATRICK & PARTNERS in joint venture with **AL-MUHANDIS NIZAR KURDI** of Riyadh has been appointed by the Ministry of Communications, Kingdom of Saudi Arabia, to undertake a feasibility study to determine the need for increasing public passenger transport services in the following urban areas: Riyadh, Jeddah/Mecca and the Holy areas and Damman/Khobar/Dhahran. The study will be carried out by a joint team based in Riyadh and the draft final report will be submitted by June 1986.

★

WESTINGHOUSE BRAKE AND SIGNAL, a part of the Hawker Siddeley group of the UK, has won a Baht 175.8m (£5.2m) order for signalling and telecommunications work on a new railway line south east of Bangkok. The line, linking Sattahip to Chachoengsao, is an infra-structural feature of Thailand's eastern seaboard industrial development scheme based on the country's offshore natural gas. The scheme also includes a fertiliser complex and petro-chemical project.

★

A contract for computer facilities management worth in excess of £1.25m has been awarded to **PERTHCREST** of Cambridge by Three Rivers District Council of Rickmansworth in Hertfordshire. The contract is for an initial period of five years whereby Perthcrest will provide all the Council's information processing, formerly provided by the Council's own staff. Perthcrest has taken over all the Council's existing mainframe computers and its information processing division staff. Perthcrest will also support the Council's extensive base of distributed networked micro computers.

★

SAINSBURY'S has placed a multi-million-pound contract with ICL for Supermarket 20 food scanning systems. Under the terms of the contract, ICL could be the major supplier of food scanning systems in all large existing and new Sainsbury stores over the next three years. The ICL Supermarket 20 system provides a fully descriptive receipt and with scales linked to the checkout customers need no longer have their purchases priced separately in the produce department.

★

Orders valued at £400,000 have been won by **SANDERSON COMPUTERS**, of Halfway, Sheffield, for PICS (Production Information Control System), its PICK-based integrated on-line financial and production control software which runs on a wide range of hardware. Clients include Cambridge University Press, and J. S. Chinn & Co, a Coventry-based concern. The Chinn £90,000-plus PICS system will run on a PICK-based computer with 1 mb ain memory, a 142 mb disc, seven VDUs, three printers and a tape back-up.

Chelmsford to have ice rink

Bolton-based **ROBERT WATSON (CONSTRUCTIONAL ENGINEERS)** has won the £500,000 steelwork contract for Chelmsford's new ice rink and sports hall.

The contract entails fabrication, supply and erection of around 500 tonnes of steelwork for the 97 metre x 36 metre building. Much of the steel will be in 15 three-pinned main arches, formed from universal beams, each of 18.5 metre radius spanning 34.2 metre centres of pins. The arches are to be seated on supporting beams and columns, with a new car parking area being created below the stadium. The building will have hollow deck flooring with a concrete topping, and a metal-clad roof.

Part of Fairclough Engineering, Robert Watson's contract also involves provision of balconies to both the ice rink and the sports hall. A second phase of the project will see erection of a link block structure (linking the new facilities to the existing leisure centre), together with access ramps.

Due to start on site in August for Chelmsford Borough Council, Robert Watson's contract is scheduled for completion in October. Main contractor for the project is John Mowlem & Co.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

Frank Walkley: putting clogs on the tourist itinerary — Mike Arron

A step up for clogmaking

Arthur Sandles on a novel tourism venture

HEDBEN BRIDGE is one of those small towns to which tourism is a novelty—and not entirely welcome. It is a mill town, its solid stone houses clinging to steep hillsides in Calderdale, to the west of Halifax, Yorkshire, which has recently been prettified and gentrified. A tourist information office has appeared at the main road junction.

However, aerosol messages on the walls demand "Tourists Go Home" in somewhat less than polite language. The cultural leap from the muck and brass of manufacturing to the effete gentility of the service industries is not an easy one.

Frank Walkley is 65 and has made that leap. It has not been easy. He did not do it willingly. He was taken to the edge and pushed. "When the recession came I lost half my business within six months. I had to do something."

It would be difficult to think of a business more exposed to the white heat of the technological revolution than that of his company. For he is Britain's last remaining manufacturer of industrial clogs.

Today, and for 362 days of the year, visitors can stroll round the Walkley clog plant and watch men making clogs for Rolls-Royce, the CEGB, steel works and morris dancers. Fred Walkley, silver-haired, bespectacled and bubbling with enthusiasm for his new task, guides them all, leaping from lathe to leather cutter with the boyish agility of a Yorkshire elf.

In 1972 Walkley was in the clog business in Rochdale, Lancashire, assembling footwear from bought-in components for what was then a relatively healthy market. Wooden-soled boots, sometimes with additional coverings, have particular qualities of strength, lightness and insulation which rival products find difficult to match, particularly at the price. It may be possible to make a shoe which will stand up to walking over hot coals of a steelmaker's plant, but to make one at a cost which makes its inevitable short life commercially attractive is not easy. You would not play tennis in clogs, but where heat, water, chemicals or sharp edges are likely to be underfoot the thick beechwood sole of a clog is a comforting thing to have beneath you.

Walkley's life looked like taking a substantial turn for the worse when his main supplier of these soles, a family company based in Hebden Bridge, told him 13 years ago that it was giving up. Faced with the choice of taking the plant over, or of joining other clog assemblers and buying from the massive Scandinavian clog making enterprises, Walkley moved his whole operation from Rochdale to Hebden Bridge. Reliance on the Scandinavians would have reduced his flexibility in responding to particular customers' demands.

Within 12 months Frank Walkley faced the same crisis again. This time his clog iron supplier wrote to say that he was going to close down. Clog irons are the essential horse shoe-like protective strips which go on the soles of clogs. These again can be highly specialised. Grave diggers have particular strips beneath the foot arch to help with pushing their shovels into the earth. (Grave digging, says Walkley with a joke he has told a hundred thousand visitors is "a dying business.")

This time he did not buy the company but only the machinery. A battleship grey machine tool of indeterminate age whirrs and clunks as it cuts the mild steel strips into shape for clogs. The walls are lined with pointed irons, chisel shaped irons and the short pieces for grave diggers' irons.

Things went along nicely for Walkley and his two dozen workers for the next few years. The big clog factory, only part of which is used, is not a particularly endearing place, in spite of its canalside location. But Hebden Bridge is a cosy, family town, closely knit and surrounded by some of Britain's most beautiful scenery. It has always been a good place to live: straight talking, solid eating, good drinking territory.

Real disaster came along in 1980, when Walkley's customers started falling like flies in the chill winds of the recession. In steel, motor manufacturing, fisheries and mining, workers were laid off in their thousands and their need for clogs disappeared. "Working practices have changed. The sort of people we were making clogs for have been replaced by robots," says Walkley, adding with a giggle: "Robots don't seem to want clogs."

Orders for Walkley's industrial clogs went from 1,000 a week to 500 in a matter of weeks. Today he considers himself lucky to sell 200. Using the pieces made elsewhere in the factory one skilled clog maker can make four industrial clogs an hour.

Again Walkley was faced with either sinking himself or looking for an alternative market. He chose tourism. Walkley's clog factory is now Hebden Bridge's main tourist attraction and one of the major links in the Calderdale/Halifax bid to see a little of the service industries' gloss rub off on the old mill areas.

The transformation has not been easy. Walkley had to lose half his manufacturing staff and is now down to about a dozen. "It was appalling. Some of them had been with me since they left school." Those that remained had to adapt to working odd hours and having streams of coach parties watching them at work. "It was not easy, but it had to be done if there was going to be any jobs at all. It was working on Saturday and Sunday that was the most difficult."

Walkley reorganised his work layout so that for much of the tour visitors pass along corridors with the workers behind large glass windows, like goldfish. He has also substantially rearranged the clog sole making process—a lathe designed to produce golf clubs has been modified to make the basic soles. The product has changed too. While industrial clogs are still produced it is the leisure clog, a much simpler item, which now produces most of Walkley's £250,000 a year turnover, a hefty proportion being sold on site at Walkleys.

That spend is added to the takings of the restaurant and bar on the first floor, a department almost as big as the factory itself and sparklingly modern in a Scandinavian pine style. The refreshment area cost Frank Walkley £48,000.

Rolls-Royce depends on the cross subsidy of these afternoon teas for the continued supply of its industrial clogs. "The whole business depends on tourists now; we could not go on without them," says Walkley between explanations of the clog-making process to yet more streams of visitors.

The story does not, however, have a happy ending, so far at least. Frank Walkley is 65, and while chirpily enjoying the new living he has created for himself, he wants to retire. The last clog maker in Britain may have survived a variety of crises in the past—it may not survive that. He is looking for someone to take the whole enterprise off his hands. "Somehow the business of making clogs seems to put them off," he says.

Inventors

Impatience will not be rewarded

David Fishlock offers advice to would-be entrepreneurs

BRITISH inventors who have shaped their brainwaves with the help of the taxpayer are being freed by the government from the necessity of using a government agency, the National Research Development Corporation, now incorporated into the British Technology Group, to negotiate commercial exploitation. The government is seeking from academic institutions views on how they would wish to submit future proposals for exploiting ideas and inventions. This is in the belief that this will spawn more high technology start-ups.

Before the greatly abused NRDC is dismissed as nothing more than a bureaucratic impediment to exploitation—as it claimed by every inventor who ever failed to prise money from it, and even some who succeeded — would-be entrepreneurs would do well to heed the wise words of a London merchant banker. The advice, in two words, is "be patient."

"Don't leap out of the bath shouting eureka and run round to the bank," he advised a group of biotechnologists meeting in London to discuss how to start a new biotechnology company. There is plenty of cash available in the City for this kind of venture—"some might even say too much"—but would-be entrepreneurs must not be impatient with venture capital companies from which they seek finnacial help.

Peter Laing, of N. M. Rothschild, was speaking to the first meeting of a new trade association, the Association for the Advancement of British Biotechnology. Laing is manager of a fund Rothschilds started in 1981, on the initiative of Lord Rothschild, the Cambridge bioscientist, which specialises in biotechnology investments. What began as a $50m fund is today valued at about $85m.

Biotechnology is just like any other industry when it comes to investment money except that it must allow for a longer timescale, this fund has found. It has rejected over 90 per cent of the proposals put to it for investment in new ventures. Of over 300 investigated, only about 30 have received backing — a similar proportion to NRDC's much longer record.

Its investigations into the credentials of every proposal are painstaking and involve the use of eminent science advisers outside the bank, to evaluate the science. The bio-equivalent of perpetual motion or anti-gravity is unlikely to slip past these chaps.

But it means that it usually takes six months to do the investigation—a point worth stressing, for British academics have frequently complained how long NRDC "sat upon" their proposals.

That is scarcely the problem with most British proposals, Laing averred. The problem is that they are such scanty affairs, often not thought out beyond the role of the inventor and his absolute conviction that the world will beat a path to his idea. The banker, meanwhile, is seeking small teams which already include the key pieces of expertise needed by a commercial activity, which might thus form the nucleus of a new company.

Any attempt to assemble such a team is normally lacking in a British proposal, it seems. But the banker also drew upon his experience of would-be entrepreneurs to highlight a host of other weaknesses. For example, he was surprised how often the entrepreneur claimed as novel some potential product the fund knew was already being exploited in the U.S. (where it has made most of its investments).

He advised the inventor who sought City cash to show that he had a novel product, a market, a team to make and sell it, a business plan, and sound outside advice on running a company. His own fund would want to investigate all these factors, including the personal characteristics of the team soliciting its money.

Be professional about selling yourself and shop around for prospective investors, the banker urged. But don't look to one "angel" to put up all the cash. Venture capital companies are normally minority investors. Show confidence by putting some up yourself. By all means be optimistic—"if you aren't, nobody else will be"—but be realistic about forecasts.

Don't, on the other hand, underestimate the competition. This is a major flaw in the business plans of start-ups. And don't just address the home market — a mere 1 to 3 per cent of the world market potential. The business plan should be brief but thorough and should be strong on market research, where British plans usually are weak.

Don't expect a high salary, just because you have been reading about all those paper millionaires who were early into electronics, optics or biotechnology. And don't expect to retain a majority shareholding—a common demand among UK inventors.

Investors in high-technology start-ups expect their clients to come back for more cash. At Rothschilds they have what they call the "pi-rule" which presumes that they will end up investing about 3.14 times the seed investment before the company goes public. And they want to know what plans the entrepreneur has for releasing his investor's cash—the "exit route," as they call it.

If British inventors begin to heed all these criticisms they could even come round to the idea that the NRDC, set up in 1948, is far more sympathetic to their commercial aspirations than they have ever given it credit for. The crucial question is whether the inventors ever concede that there may be more to business than a brilliant idea.

In brief . . .

MIDLAND BANK is offering its business development loans at a reduced cost to projects approved by the Council for Small Industries in Rural Areas (CoSIRA).

Business development loans are for amounts over £15,000 at fixed or variable interest rates for up to 20 years. CoSIRA clients wil be eligible for preferential rates and a reduced arrangement fee of ½ per cent of the loan—generally 1 per cent for other customers—to cover setting up costs. The interest rate is negotiable, but will usually be half a percentage point below normal development loan charges.

Small business loans are also available under the scheme. These are for less than £15,000 at fixed rates for up to 10 years, with monthly repayments. There are no other fees. Applications can be made through Midland branches of CoSIRA offices.

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NEWCASTLE Youth Enterprise Centre has just announced its latest series of free courses for aspiring businessmen.

They run until next March and cover planning sessions for people thinking about starting a business, with workshops on marketing, selling and accounting. Details from Ian Fisher, general manager at the centre, 25 Low Friar Street, Newcastle-upon-Tyne, NE1 5UE. Telephone 0632 616009.

•

MILTON KEYNES Borough Council has set aside about £25,000 to lend in tranches of up to £2,500 to local start-up ventures. Details from John Carpenter at Milton Keynes Business Venture, Sentry House, 500 Avebury Boulevard, Central Milton Keynes MK9 2LA.

•

A COMPLETE guide to small business assistance available from the UK Government and the EEC has been published by accountants Hacker Young.

The booklet, entitled Government and EEC grants and assistance to businesses in the UK, covers aid for all sectors ranging from sea fishing to robots. It can be obtained free from Lindsay Scott, Hacker Young, St Alphage House, 2 Fore Street, London EC2Y 5DH.

•

PROJECT North East, the Newcastle-based enterprise agency, has a few words of advice for anybody who wants to become self-employed but does not have a business idea.

The agency's new booklet, "Twenty questions to help you choose a business idea," is packed with examples of people who have found ideas just by keeping their ears to the ground. Potential entrepreneurs should ask themselves questions like whether local companies have unmet needs, what they buy from outside the immediate area and whether any special goods or services are needed locally, advise the authors.

The booklet costs £1 from Project North East, Marseilles Chambers, 45 Groat Market, Newcastle Upon Tyne, NE1 1UG.

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APPOINTMENTS

Managing director for Austin Reed

Mr Neil H. L. Fitton has been appointed group managing director and Mr Colin M. L. Evans a director of AUSTIN REED GROUP. Mr Fitton has been managing director of Chester Barrie since the company was acquired by Austin Reed in 1978 and a director of the group since 1980. Mr Evans, a grandson of the late Mr Austin Reed, becomes managing director of Chester Barrie, having been sales director since 1980.

STOY HAYWARD has appointed Mr Solomon Benaim, Mr Michael Grunberg and Mr David Hastings as partners. Mr Benaim and Mr Hastings are both to be general partners, while Mr Grunberg's area is in computer services. Mr Alfred Davis, a partner of Stoy Hayward, has retired, and becomes a consultant, as well as taking up a number of non-executive directorships. Stoy Hayward Associates has appointed Mr Alan Stanley as a director.

★

Mr Derek Pringle, chairman of SEEL in Livingston, has been elected chairman of the ASSOCIATION OF SCOTTISH CHAMBERS OF COMMERCE.

★

Mr Colin M. Pearson, previously sales director international of the service group, is now sales director eastern hemisphere following the restructuring of McGRAW-EDISON to incorporate power systems and service into a single division.

★

Mr Keith W. Taylor has been appointed managing director of MANNS NORTHAMPTON BREWERY CO, Midlands trading company of Watney Mann and Truman Brewers. He has been innkeeper director of Watney *Combe Reid since 1983.*

★

Mr Ron Ashley has been appointed manufacturing director of THE BENTLEY ENGINEERING CO, Leicester—circular knitting machine builder. He was manufacturing director with Rolls-Royce Motors.

★

Property director at Tarmac

TARMAC PROPERTIES Division has appointed its first woman commercial property development director. Ms Sue Millington becomes director and general manager of Tarmac Provincial Properties, one of the division's subsidiary companies. Before joining Tarmac as a development surveyor three years ago, she worked for Healey and Baker, London-based international property consultants.

MARKETING IMPROVEMENTS has appointed the following as its first associate directors: Mr Stuart Brayne, Mr David Crane and Mr Tony Sealey. Mr Hugh Fitzwilliams and Mr Richard Murray have been promoted to operations director.

★

Mr Joe Luxford of H. F. Luxford and Sons, Weybridge, is the new president of THE BRITISH ASSOCIATION OF REMOVERS. Mr Howard Routledge of Pickfords, Bath, is the chairman of the removal industry's training arm, the Institute of the Furniture Warehousing and Removing Industry.

★

Chairman of HTV

Mr R. W. Wordley, managing director of HTV, who has been acting additionally as chairman since the death of Lord Harlech last January, will now continue in the post of chairman and managing director.

★

Mr Lionel J. Barker has been appointed joint managing director of CRAMPHORN, following three years as sales and marketing director.

★

Mr Derrick Willingham has been appointed senior vice president finance and administration of VULCAN INDUSTRIAL SERVICES, part of TBG. He was president of the Sterling Pump Companies and chairman of Hayward Tyler, companies in the engineered products strategic unit of TBG.

★

The BRITISH EFFLUENT AND WATER ASSOCIATION has elected Mr Chris Shirley (chairman of Dewplan Group) as chairman in succession to Mr Ray Roberts of Hawker Siddeley Brackett.

★

At GRANARD COMMUNICATIONS, Mr Alan Capper, deputy chairman, has been appointed chairman and Mr Peter Cunard, managing director, has become chief executive. Mr Nigel Grandfield, chairman of Granard since its formation, has relinquished this position to devote more time to his group chairmanship role. He is on the board of the company. Mr David Dodgeon has been appointed financial director of Granard Communications succeeding Mr David Foster who steps down, but who will continue with GRC Group responsibilities.

★

MGM ASSURANCE has appointed Mr David W. Hardy, executive chairman of Globe Investment Trust, as a director of the society. He is also chairman of London Park Hotels; and the Docklands Light Railway; deputy chairman of The Agricultural Mortgage Corporation and London Regional Transport; and a director of several companies including Sturge Holdings, Paragon Group and Waterford Glass.

★

Mr R. B. S. Gale has been appointed group managing director and chief executive officer of CITICORP INSURANCE BROKERS.

★

Mr Martin Lampard has joined the board of MILLS AND ALLEN INTERNATIONAL as a non-executive director. Mr Lampard is a lawyer and is the senior partner of Ashurst Morris Crisp and Co. *He is also a director of* Allied Lyons, The Laird Group, Hambros, Texas Eastern North Sea Inc., Canadian Overseas Packaging Industries, and LRC International.

★

Mr Cyril H. Twist has been appointed chief executive of CAST FILM PRODUCTS, cast polypropylene film manufacturing subsidiary of the Seven Holdings Group. He was operations and deputy general manager of DRG Flexible Plastics.

★

Mr Richard E. Poole has been appointed financial director of STEELITE INTERNATIONAL. He was a senior manager with Peat, Marwick, Mitchell and Co. hIsTindcSyEn sh cmfw shr cm

★

Mr David R. Pedley, who was one of the founder members of the ECOLOGY BUILDING SOCIETY in 1981, has resigned as director and general manager. Mr Roy W. T. Pickard, who has been a director and secretary since 1983, becomes the new general manager.

★

JACKSON EXPLORATION, INC. has appointed Mr Ronald Suttill to the newly-created position of chief financial officer. He was chief financial officer of Roy M. Huffington, Inc. He will be based in London.

★

W. GREENWELL AND CO, stockbrokers, has appointed Mr Douglas Findlay-Shirras to head the firm's New York office as a director of W. Greenwell Inc. He joins from L. Messel and Co and takes over the New York post from Mr John Rickards, who has returned to London to become managing director trading as Greenwell Montagu Gilt-edged.

★

Following its acquisition of Petrolex, ARAN ENERGY has apointed Lord Ezra, Dr F. J. Lindars and Dr H. C. Potter to its board. Lord Ezra, chairman of Petrolex, was until 1982 chairman of the National Coal Board. He is chairman of Associated Heat Services and of The Throgmorton Trust and is a director of Redland, Solvay SA and other companies as well as a consultant to Morgan Grenfell. Dr Lindars, managing director of Petrolex, was responsible for the formation of that company in 1980. Dr Potter, exploration director of Petrolex, was formerly a geologist with Royal Dutch Shell Group and Standard Oil.

★

Finance posts at Sedgwick

The following appointments have been made with effect from August 1 in anticipation of the finalisation of the merger between the SEDGWICK GROUP and Fred S. James & Co. Inc. Mr J. C. Crane, currently executive vice president finance and administration, Fred S. James & Co. Inc has been appointed director of the corporate finance division of Sedgwick Group in succession to Mr F. H. Hitchman. On completion of the merger, Mr Crane will become a director of Sedgwick Group and will be appointed group finance director. Mr Hitchman has been appointed group finance director of E. W. Payne Companies. This company is responsible for the Sedgwick Group's reinsurance broking activities. Mr G. Hilton, currently deputy group secretary of Sedgwick Group has been appointed group secretary in succession to Mr Hitchman.

Mr C. J. Grey has been appointed managing director of technical and fiduciary accounting for E. W. PAYNE from August 1.

★

Marley forms new company

MARLEY BUILDING PRODUCTS has appointed board member Mr Paul Stevens as managing director. He succeeds Mr John Ashford, who is retiring. Mr Edward Ketteringham has been promoted to the board. Marley Building Products, a newly-formed company, comprises two former Marley divisions, Marley Buildings and Marley Intersett Paving.

★

CREDIT & COMMERCE LIFE ASSURANCE has appointed Mr Derek Jones as sales director; Mr Ray Edwards as an assistant director with special responsibilities for the development of indemnity broker accounts; and Mr Alan Pinney as West End manager. Mr Jones was managing director of Tyndall Life.

Businesses Wanted

Company Notices

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FT COMMERCIAL LAW REPORTS

Bank's assumption of advisory role gives rise to negligence

CORNISH v MIDLAND BANK plc

Court of Appeal (Lord Justice Kerr, Lord Justice Croom-Johnson and Lord Justice Glidewell): July 17 1985

A BANK which takes it upon itself to advise a customer before she signs a mortgage in its favour will be liable in damages if it mis-states the position negligently and the customer, relying on its advice, suffers loss; but the mortgage will not be set aside on the ground of undue influence if the customer fails to show that the transaction itself was wrongful in that the bank took unfair advantage of her.

The Court of Appeal so held when dismissing an appeal by *Midland Bank plc* from Mr Justice Taylor's decision awarding Miss Penelope Ann Cornish £11,231 damages and interest in respect of its negligence. The bank's appeal from his decision to set aside a second mortgage signed by Miss Cornish on the ground of undue influence was dismissed.

An appeal by Miss Cornish's former husband, Mr Terence Humes, from the judge's decision that the bank could recover the £11,231 from him was allowed.

* * *

LORD JUSTICE CROOM-JOHNSON said that in 1975 Miss Cornish and her husband intended selling their house at 252 Bournemouth Road, Charlton Marshall, and buying a farmhouse in Dorset.

The bank arranged for the husband to open a house loan account with a limit of £2,000 to pay for renovations at the farm, and to overdraw up to £200 on his current account.

Those loans were to be repaid when 252 Bournemouth Road was sold. The bank was to have a second mortgage on both properties.

Miss Cornish became a customer of the bank. She signed the second mortgage on the farm house on a date between March 2 and May 3 1976. The farmhouse was conveyed into joint names on March 2 at a price of £16,000.

On May 5 Miss Cornish left her husband. By then the house loan account had been drawn on for over £900.

The husband had told Miss Cornish that half the surplus proceeds from the sale of 252 Bournemouth Road would go to her. However, the money was promised to the bank under the second mortgage on that property. When the house was sold, in September 1976, £2,182 (all that was left after repaying the first mortgage), was properly credited to the house loan account.

By then, renovation of the *farm had cost more than £2,000*, and transfers had been made from the loan account to the husband's current account and to a new deposit account. The house loan account limit had been increased, and after the credit from the sale of 252 Bournemouth Road, it was still in debit.

The bank knew Miss Cornish had left her husband and knew how to get in touch with her. The husband divorced her in 1978 and subsequently remarried. All that was known to the bank.

From 1978 onwards the overdraft on the husband's credit account increased sharply, and by November 1979 it was over £9,000. The borrowing on the house loan account had increased *to over £6,000*. The husband had given the bank manager exaggerated accounts of the amounts spent on the farm, and there had been transactions involving his second wife's money.

In November, 1979, the farm was sold for £27,000. After paying off the first and second mortgages, and meeting expenses, the balance left was only £748.

Miss Cornish had agreed to release her husband from her claims for £2,000. She accepted £748 because that was all the money he had. She consulted solicitors to see what redress she might have from the bank.

On April 18, 1984, Mr Justice Taylor awarded Miss Cornish £7,034 plus interest against the bank as damages for negligence—a total of £11,231. He set aside the *second mortgage* signed by her on the ground that it had been *obtained* by undue influence. Also, he held that the bank was entitled to recover the £11,231 from the husband as third party.

The bank and the husband appealed against the judgments.

When Miss Cornish signed the second mortgage on the farm she saw a bank clerk, deputed to deal with her by the manager.

The effect of her evidence, *which* was accepted by the judge, was that she understood she was signing some sort of security or guarantee against the loan, to a maximum of £2,000, for the cost of improving the farm.

The clerk's evidence, which was also accepted, was that in accordance with his usual practice he would have told her it *was a second mortgage on the* farmhouse, that it was almost identical to a building society mortgage, and that it secured all borrowings in the name of the husband.

"All borrowings" was ambiguous. It might mean all borrowings up to the £2,000 limit, or all borrowings above that limit. The *clerk did not make it clear that* the document secured such lending as might be agreed between the manager and the husband for any purpose.

Mr Evans, for the bank, submitted that in the ordinary course of its business a bank was under no duty to explain to a guarantor the effect of a legal mortgage or guarantee.

Whatever duty was owed by a bank to a customer depended on the *facts*, and the bank conceded that as the clerk had taken it on *himself* to give an explanation, he was under a duty not to mis-state the position negligently (*see Hedley Byrne [1964] AC 465*).

It was apparent to the clerk that Miss Cornish was confused and was relying on him to give an explanation. *He mis-stated* the position in two respects.

First he said the second mortgage was like a building society mortgage.

What he had in mind was that the house might be sold if the loan was not repaid. But other*wise it was not like one, because* such a mortgage contained no provisions for increasing the borrowing.

Secondly, he failed to convey to Miss Cornish that the mortgage did cover further borrowings in the future.

Mr Justice Taylor held that the advice was negligently given and that Miss Cornish relied on it. The clerk did not know of the £2,000 limit, but the manager who had deputed his task to him did. Their combined knowledge was the knowledge of the bank.

The judge found that if Miss Cornish had known what the document really meant she would not have signed.

He was right in concluding that the bank, having assumed the duty to give her proper advice, was negligent in the way it discharged that duty.

He also held that the clerk ought to have advised Miss Cornish *to seek independent advice*, because the bank was presumed to owe her a fiduciary duty.

In doing so, the judge adopted the approach made by the Court of Appeal in *National Westminster Bank v Morgan [1983] 3 All ER 85*.

There the court said that the party relying on the other's guidance did not have to show that the resulting transaction was manifestly disadvantageous *to himself* before he could invoke the presumption of undue influence.

Between the trial before Mr Justice Taylor and the hearing of the present appeal, the judgment in *National Westminster* was reversed in the House of Lords (*[1985] 2 WLR 588*).

Lord Scarman stated that to raise the presumption *of undue* influence it was necessary to show that the transaction had itself been wrongful in that it amounted to one in which an unfair advantage had been taken of another person.

Faced with that fresh authority, Mr Griggs, for Miss Cornish, properly conceded that the *judge's decision on* undue influence could not stand. The only relationship between her and the bank was that of banker and customer. No unfair advantage was taken of her, and the transaction of taking a second mortgage on the farmhouse was not disadvantageous to her.

That part of the appeal which submitted that the mortgage should not be set aside must be allowed.

There remained the appeal by the husband in the third party proceedings.

Those were brought by the bank on the ground that by November 22 1979 he had borrowed £16,877 and that if the bank was not entitled under the second mortgage to use Miss Cornish's half of the farmhouse money in discharge of the husband's debts, the husband still owed that sum to the bank.

The bank, which had successfully appealed against the setting aside of the second mortgage, now found itself entitled to use the proceeds of sale of the farmhouse in satisfaction of the husband's debt. That was what it did.

The money which the bank owed to Miss Cornish was damages for negligence. No question of contribution by the husband arose. He was not party to that negligence.

The bank's claim for reimbursement was made solely on the basis on the husband's original debt. He repaid it out of the farmhouse money.

The bank's appeal against Miss Cornish should be dismissed, and the husband's appeal against the bank allowed.

Lord Justice Kerr and Lord Justice Glidewell gave concurring judgments.

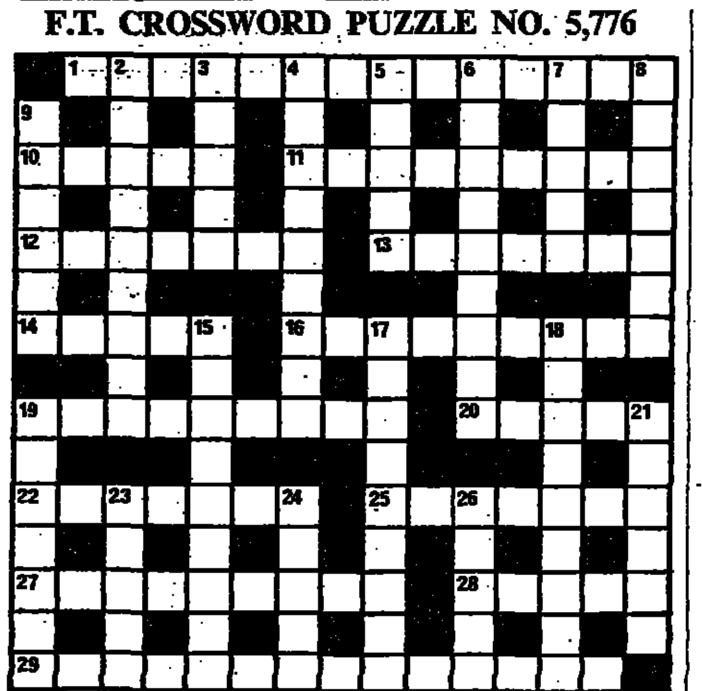
For Miss Cornish: Jeremy Griggs (M. W. Bailey and Co., Blandford Forum).

For the bank: Roger Evans (G. A. Mooring, Aldridge and Brownlee, Bournemouth).

The husband appeared in person.

By Rachel Davies
Barrister

F.T. CROSSWORD PUZZLE NO. 5,776



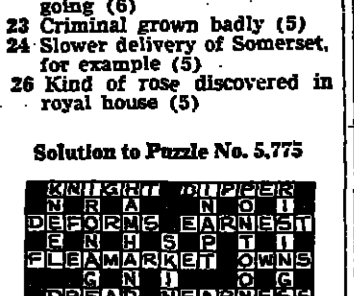
ACROSS

1 It is in the paper, first thing (7, 7)
10 Helped to provide seat for one standing (5)
11 Entertaining spot for the driver after dark? . . . (5-4)
12 . . . after daylight it is blatant overcharging (7)
13 Rough terrain, sort seen around Newmarket (7)
14 Dustman's daughter appearing at Covent Garden? (5)
16 Being necessary to score, it makes bobtail go off course (9)
19 A French well can be harmful (9)
20 Hospital in pleasant nook (5)
22 What ode is composed for girl with flaxen hair? (3-4)
25 First service air? (7)
27 A wooded area cut short needs help, as mentioned earlier (9)
28 End of God turns me on (5)
29 Like some late-maturing stock? (5-9)

DOWN

2 Found to be less habit-forming (9)
3 Parry in city of SW Kansas? (5)
4 A non-tangy variety of farm-butter (5-4)
5 Language of thieves in old ship, sort of square (5)
6 Bird takes share of laboratory analysis (9)
7 Piece of double-stopping? (5)
8 Amber changes before green light — it stops traffic (7)
9 Disinclined to be in Haversedge (6)
15 Reduction in a bargain area? (9)
17 Laurel-tree taking the light? It is a feature of the house (3-6)
18 Ketch, the fellow at back of the rope? (9)
19 Euston express for the puritan, perhaps (7)
21 Navigational instrument, with top broken off, is still going (6)
23 Criminal grown badly (5)
24 Slower delivery of Somerset, for example (5)
26 Kind of rose discovered in royal house (5)

Solution to Puzzle No. 5,775



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A.B.N. Bank	12 %	■ Hill Samuel	§12 %
Allied Dunbar & Co	12 %	C. Hoare & Co.	12 %
Allied Irish Bank	12 %	Hongkong & Shanghai	12 %
American Express Bk.	12 %	*Johnson Matthey Bkrs.*	*12½ %*
Henry Ansbacher	12 %	Knowsley & Co. Ltd.	12½ %
Amro Bank	12 %	Lloyds Bank	12 %
Associates Cap. Corp.	13 %	Edward Manson & Co.	13½ %
Banco de Bilbao	12 %	Meghraj & Sons Ltd.	12 %
Bank Hapoalim	12 %	Midland Bank	12 %
BCCI	12 %	■ Morgan Grenfell	12 %
Bank of Ireland	12 %	Mount-Credit Corp. Ltd	12 %
Bank of Cyprus	12 %	National Bk. of Kuwait	12 %
Bank of India	12 %	National Girobank	12 %
Bank of Scotland	12 %	National Westminster	12 %
Banque Belge Ltd.	12 %	Northern Bank Ltd.	12 %
Barclays Bank	12 %	Norwich Gen. Trust	12 %
Beneficial Trust Ltd.	13½ %	People's Trust	13 %
Brit Bank of Mid. East	12 %	PK Finans Intl. (UK)	13 %
■ Brown Shipley	12 %	Provincial Trust Ltd.	13 %
CL Bank Nederland	12 %	R. Raphael & Sons	12 %
Canada Permanent	12 %	Roxburghe Guarantee	13 %
Cayzer Ltd.	12 %	Royal Bank of Scotland	12 %
Cedar Holdings	13 %	Royal Trust Co. Canada	12 %
■ Charterhouse Japhet	12 %	■ J. Henry Schroder Wagg	12 %
Choulartons**		Standard Chartered	‖12 %
Citibank NA	12 %	TCB	12 %
Citibank Savings	¶12¾ %	Trustee Savings Bank	12 %
City Merchants Bank	12 %	United Bank of Kuwait	12 %
Clydesdale Bank	12 %	United Mizrahi Bank	12 %
C. E. Coates & Co. Ltd.	12½ %	Westpac Banking Corp.	12 %
Comm. Bk. N. East	12 %	Whiteaway Laidlaw	12½ %
Consolidated Credits	12½ %	Williams & Glyn's	12 %
Co-operative Bank	*12 %	Yorkshire Bank	12 %
The Cyprus Popular Bk	12 %		
Duncan Lawrie	12 %		
E. T. Trust	13 %		
Exeter Trust Ltd.	12½ %		
First Nat. Fin. Corp.	13½ %		
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■ Robert Fleming & Co.	12 %		
Robert Fraser & Ptns.	13 %		
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‡ Call deposits £1,000 and over 8½% gross.
‖ 21-days deposits over £1,000 10%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 8½%.

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Pearl Growth Fd	59 8	63 2	+0 2	3 59
Accum Units	87 8	93 4	+0 2	3 59
Pearl Inc	85 3	95 7	+0 1	5 23
Pearl Unit Tst	88 5	94.1	+0 2	4 43
(Accum Units)	149 6	159 1	+0 3	4 43

Perpetual Unit Trust Mngmt. (a)
48, Hart Street, Henley on Thames. 0491 576868

Growth	176 3	189.2		1 55
Income	132 5	141 9		5 46
Worldwide Recovery	99 8	107 1		2 14
American Growth	56 8	61 0		0 68
Int Emerging Cos	56 3	60 4		0 79
Far East Growth Fd	45.9	49 3		1.00

Prolific Unit Trusts
222, Bishopsgate, EC2. 01-247 7544-7

Prolific Far East	100 5	107 7	+0 6	0 27
Prolific Extra Inc	58.7	63.0	-0 3	6 43
Prolific Gilt Cap	81 1	84 4	-0.4	3 25
Prolific High Inc	121.7	130 0	-0 5	5 78
Prolific Intl	81 9	87 8	+0 2	1.90
Prolific N. Amer	116.9	125 3	+0 5	2.53
Prolific Spec. Sits	130 1	139 6	-0 6	1 73
Prolific Tecnology	101.5	108.8	+0.5	0 97

Providence Capitol Fd. Mgrs. Ltd.
30 Uxbridge Road, London, W12 8PG. 01-749 9111

Japan Trust	47 5	50.3	+0 1	0.00
Worldwide	47 4	50 2	+0.2	1 63
European Trust	48 6	51.4	+0 3	1 69
North American	49.7	52 6	+0 4	2 13
UK Equity	47.9	50.7	-0 5	4 03

Prudential Unit Trust Mngrs Ltd. (a) (b) (c)
51-69, Ilford Hill, Ilford, Essex, IG1 2DL 01-478 3377

Holborn Equity Tst	304.7	324 1	-1.7	3.84
Holborn Gilt Tst	152.6	159 6	-0.2	8 83
Holborn High Inc	53.3	56 7	0 2	7 47
Holborn Intl	58.8	62.5	+0.3	0.60
Holborn UK Growth	60.6	64 4	-0.3	3 68

Quilter Management Co. Ltd.
31-45 Gresham Street, EC2. 01-600 4177

Quadrant Gen. Fd	304 4	323 9	+1.2	3 72
Quadrant Income	168.9	179 7	+1 0	7.00
Quadrant Intl. Fund	291 1	306.5	+1 8	1 55
Quadrant Recovery	187.1	199.1	+1.6	3 58

Reed Stenhouse Inv Services Ltd
145 Borough High St, Lon SE1 1NV 01-628 6011

TSB Unit Trusts (b) (c) (y)
PO Box 3 Keens Hse, Andover, Hants. SP10 1PG
0264 62188. Dealings to 0264 63432 3

TSB American	95 1	101 2	+0.6	1 17
Do Accum	97 9	104 2	+0.9	1 17
TSB Extra Income	81.8	87.1	-0.3	6 59
Do Accum	91.0	96 9	-0.4	6 59
TSB General	112 1	119 2	-0.8	3 64
Do Accum	181 7	193 2	-1 1	3 64
TSB Gilt & Fxd Int	46 6	48 9	-0.2	9.52
Do Accum	154 8	164 7	-0 4	5.29
TSB Income	154 8	164 7	-0.7	5 29
Do Accum	233.4	248 4	-1.0	5.29
TSB Pacific	101 9	108 5	+0 4	0.61
Do. Accum	104 5	111.2	+0 4	0.61
TSB International	224 7	239 1	+1 2	1 90
Do Accum	273.5	291 0	+1 5	1 90
Natural Resources	44.6	47 5	-0.2	2.84
Do Accum	45 1	48 0	-0.2	2.84
TSB Sítn. Opps	43 9	46 8	-0.2	2 67
Do. Accum	47.2	50.3	-0.2	2 67

3i & Target Fund Mgrs Ltd
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

Small Co's Fund	65 4	69 9	-0.6	0 10

Target Trust Mngrs. Ltd. (a)(g)
Target Hse, Gatehse. Rd, Aylesbury Bks (0296) 5941

American Eagle	65 3	69 8	+0 9	0 27
Australia	27 8	29 7	+0 4	1 80
Commodity	89 8	96.6		1 79
Energy	39.8	42 6		0.82
Equity	93.1	99 3	-0.3	3 99
European Spec. Sits	49 4	52 8		0 95
Extra Income	87 4	93 5	-0 4	7 75
Financial	189 7	201 9	+0.8	3 05
Gilt Capital	217 8	228 1	-0 6	3.25
Gilt Income	103 1	108 0	-0.5	8.87
Gold Income	61 5	65 8	+0 6	2.32
Gold Acc	111.1	118 8	+0 9	2.32
Income	55 4	59 6	-0.2	6.28
Japan	43 7	46 6	+0.2	0 10
Malaysia & Singapore	22 6	24 1	+0 4	1 22
Pacific Income	62 7	66 9	+0 45	0 93
Pacific Re Inv	76.0	81 1	+0 7	0 93
Preference Share	15.7	17 0		10.19
Professional	446 7	476.5	-2.1	1.83
Special Sits	77 9	83 3	-0.6	2 70
Technology	42 3	45.2	+0.4	0 10
U.S. Special Bond	48.8	52 2	+0.3	6.51
Worldwide Capital	105 6	112 6	-0.2	1.84
Equity Exempt July 17	581 3	620 0		2 64
Equity Ex Acc July 17	1,068.2	1,139 4		2 64

Temple Bar Unit Trust Mgrs Ltd

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

N.M. Rothschild Asset Management

Rowan Unit Trust Mngt. (a)

Royal Life Fd. Mgmt. Ltd.

Royal London Unit Tst Mgrs Ltd

Royal Trust Can. Fd. Mgt. Ltd.

SKG Management Limited

Save & Prosper Group

Schroder Unit Trust Managers Ltd.

Scottish Equitable Fund Mgrs. Ltd.

Scottish Life Investments

Scottish Mutual Investment Managers Ltd.

Scottish Provident Inv. Mgt. Ltd.

Scottish Unit Managers

Scottish Widows' Fund Management

Standard Life Trust Mgmt. Ltd.

Stewart Ivory Unit Trust Mgrs Ltd (a)

Sun Alliance Fund Management Ltd.

Sun Life Trust Mgmt. Ltd.

Swiss Life Pen. Tst. Man. Co. Ltd.(a)(c)

Touche, Remnant Unit Trust Mngt. Ltd.

Trades Union Unit Trust Managers

Transatlantic and Gen. Secs. (c) (y)

Tyndall Managers Ltd.(a)(b)(c)

Unit Trust Account & Mgmt. Ltd.

Vanguard Trust Managers Ltd.

Wardley Unit Trust Managers Ltd (a)

Waverley Asset Management Ltd (a) (c) (g)

WestAvon Unit Trust Managers Ltd(a)(c)

Whittingdale Unit Trust Managers

Wright Seligman Fund Managers Ltd.

INSURANCES

AA Friendly Society

Abbey Life Assurance Co. Ltd.

Aetna Life Insurance Co. Ltd.

Albany Life Assurance Co. Ltd.

Allied Dunbar Assurance PLC

Ambassador Life Ass. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

British National Life Assurance Co. Ltd

Canada Life Group

Cannon Assurance Ltd.

Chieftain Assurance Funds

City of Edinburgh Life Assurance

City of Westminster Assurance

Clerical Medical/Fidelity International

Clerical Medical Managed Funds Ltd.

Colonial Mutual Group

Commercial Union Group

Confederation Life Insurance Co.

Continental Life Insurance PLC

Cornhill Insurance PLC

Credit & Commerce Life Ass. Ltd.

Criterion Assurance Group

Crown Financial Management Ltd.

Crusader Insurance PLC

Dominion Financial Management

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Equity & Law

Family Assurance Society

Federation Mutual Insurance Ltd.

Fleming Life Insurance Ltd.

Friends' Provident Life Office

G.T. Management (Life) Ltd.

General Accident Linked Life Assurance

Assicurazioni GENERALI S.p.A.

General Portfolio Life Ins. PLC

Gresham Unit Assurance Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Imperial Life (UK) Ltd.

Irish Life Assurance Co. PLC.

The LAS Group

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General (U.A.)—Contd.

Legal & General Prop. Fd. Mgrs. Ltd.

Liberty Life Assurance Co Ltd

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London A'deen & Nthn. Mtl. Assur. Ltd.

London Indemnity & Gnl. Ins. Co. Ltd.

London Life

London & Manchester Group

M & G Group

MGM Assurance

Manufacturers Life Insurance Co (UK)

Merchant Investors Assurance

Municipal Life Assurance Ltd

NEL Pensions Ltd.

National Mutual Life

National Mutual of Australasia

National Provident Institution

New Zealand Insurance PLC

Norwich Union Insurance Group

PBR Fund Management Ltd.

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Pioneer Mutual Insurance Co. Ltd.

Premium Life Assurance Co. Ltd.

Property Equity & Life Ass. Co.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assn. Co. Ltd.

Provident Life Assoc of London Ltd

Provident Mutual Life Assc. Assn.

Provincial Life Assurance Co. Ltd.

Prudential Assurance Co.

Prudential Pensions Limited

Reliance Mutual

Royal Life Insurance Ltd.

Save & Prosper Group

Schroder Life Assurance Ltd.

Scottish Amicable Investments

Scottish Life Assurance Soc.

INSURANCE, OVERSEAS & MONEY FUNDS

Arbuthnot Securities (C.I.) Ltd. (a)(c)(h)
P.O Box 428, St Helier, Jersey 0534 76077

Dollar Income Tst (z)	$1.035	1.085	+0.001	11.06
Gov't Secs. Tst.	74.5	78.2	-0.2	12.79
Yen Bond	Y201	211		5.69
Sterling Fixt	182.0	182.1		
Japan Growth	203.7	219.2		0.45

Next dealing *July 25 †July 24

Aries Fund Managers Ltd.
PO Box 443, St Helier, Jersey. 0534 75141

Dollar Fund	$10.33	10.41		7.15
Sterling Fxd Interest	£9.70	9.73		10.16

B.I.A. Bond Investments AG
10, Baarerstrasse CH6301, Zug, Switzerland

Barer Std June 21	SF10,925	11,500		–

Julius Baer Bank & Trust Co Ltd
Butterfield House, Grand Cayman

Liquibaer J. Baer SFd.	$1.326	1.327	-1	..

Bamford Brandt Guernsey Mngt. Ltd.
PO Box 71, St Peter Port, Guernsey 0481 26541

Tees and Comm.	$7.25	7.67		–
Pac. Basin Fund	$27.28	28.83		–

Bank of America International S.A.
35 Boulevard Royal, Luxembourg GD

Worldinvest Inc.	$128.25	138.90		8.17

Barclays Unicorn International
1, Charing Cross, St. Helier, Jersey. 0534 73741

Unicorn Trust	43.4	45.2		11.00
Unidollar Trust	$16.55	17.54		1.2

EBC Trust Company (Jersey) Ltd.
1-3 Seale St, St Helier, Jersey. 0534 36331

International Income Fund

US$ Dep Short A	$1.0862	–	+0.0006	9.66
Do Dist	$0.9929	–	+0.0004	9.66
Med Cur Sh t Term B	$1.2487	–	-0.0042	8.00
Do Dist	$0.8895	–	-0.0033	8.00
Europd Long Term	$25.62			10.80

European Banking Traded Currency Fund*

Income	$10.18	10.495	-0.062	8.26
Capital	$11.24	11.587	-0.062	8.26

*Offer price includes 3% prelim. charge

European Banking Currency Income Fund*

Income	$10.01	10.5105		–

*Offer price includes 5% prelim. charge

The English Association
16 Athol St, Douglas, Isle of Man 0624 20738

E.A. Far East	$10.72	11.34		–

Ermitage Management Ltd.
19 Royal Square, St Helier, Jersey, CI. 0534 76007

External Fund	$14.65	14.64		–
Bond & Curr Fd	£9.97	10.02		6.82
Cash Fund	£20.29	–		–

Ermitage Management Cayman Ltd.
PO Box 2192, Grand Cayman, B.W.I

Gam Ermitage	$15.67	–		–
Cayman Cash Fd	$10.83	–		–

Eurolife Assurance Group
5-13 Mortimer St., London W1N 7RN. 01-631 0778

Sterling Eurobond Fd	106.3	–		–
Intnl Eurobond Fd	106.3	–		–

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Fund S.A.
2 Boulevard Royal, Luxembourg

World Fund NAV	$11.43			–

World Wide Growth Management◊
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$13.51			–

Inv. Adv. M & G Inv. Mngs. Ltd London.

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Advanced Tech	$9.17		-0.13	–
Dynamic Gwth Fd.	$8.21		-0.13	–

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Charities Deposit Fund 77 London Wall, London EC2N 1DB 01 588 1815				
Deposit	12.2	–	–	3 Mth
The Money Market Trust 63 Qn Victoria St, EC4N 4ST 01-236 0952				
Call Fnd	12.36	9.27	13.06	Mth
7-day Fnd	12.13	9.07	13.45	Mth
Oppenheimer Money Management Ltd 66 Cannon St, EC4N 6AE. 01 236 1425				
Call Fnd	12.18	9.10	13.45	6-Mth
7-day Fund	12.25	9.16	13.52	6-Mth
Dollar	6.41	–	–	6 Mth
Money Mkt Acct.	11.75	8.78	13.14	3-Mth

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Adam & Co. plc 22 Charlotte Sq. Edinburgh, EH2 4DF 031 225 8484				
Full Service Cur Acc.	11.75	8.30	12.40	Qtr
Aitken Hume 30 City Road, EC1Y 2AY 01-638 6070				
Treasury Acc	11.875	8.874	13.30	Qtr
Mth. Int. Chq	11.75	8.78	13.30	Mth
Bank of Scotland 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Money Mkt Cheque Acc.	11.40	8.53	12.65	Mth
Barclays Prime Account PO Box 125, Northampton 0604 252891				
High Int. Cheque	11.50	8.625	12.90	Qtr
Britannia Investment Services Ltd. 29 Finsbury Circus, EC2M 5QL 01 588 2777				
Cater Allen	11.87	8.88	12.54	Mth
Charterhouse Japhet plc 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	11.88	8.88	13.44	Mth
U S Dollar	7.00	7.00	7.23	Mth
German Marks	4.75	4.75	4.85	Mth
Swiss Francs	1.50	1.50	1.51	Mth
Japanese Yen	5.00	5.00	5.13	Mth
Citibank Savings St Martins Hse, Hammersmith Grove 01-748 9251				
Cheque Plus	[illegible]	10.00	14.85	Qtr

[illegible]

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 5SE 0752 24141

High Int Chq Acc.	12.25	9.16	13.54	Qtr

NOTES—Gross rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U S dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex subdivision. ‡‡ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase.

OPTIONS

3-month call rates

Industrials	p		p
Allied-Lyons	16	Midland Bk	30
BAT	32	NEI	8
BOC Grp	25	Nat West Bk	60
BSR	16	P & O Dfd	36
BTR	52	Plessey	17
Babcock	14	Polly Peck	26
Barclays	48	Racal Elect	18
Beecham	32	RHM	11
Blue Circle	45	Rank Org Ord	32
Boots	15	Reed Intnl	50
Bowaters	20	Sears	8
Brit Aerospace	33	TI	20
Brit. Telecom	11	Tesco	20
Brown (J.)	3	Thorn EMI	35
Burton Ord	39	Trust Houses	13
Cadburys	14	Turner Newall	10
Comm Union	19	Unilever	85
Courtaulds	$12\frac{1}{2}$	Vickers	19
Debenhams	$17\frac{1}{2}$	**Property**	
Distillers	28	Brit Land	12
Dunlop	6	Cap Counties	18
FNFC	$8\frac{1}{2}$	Land Secs	25
Gen Accident	45	MEPC	28
Gen Electric	17	Peachey	22
Glaxo	85	Samuel Props	14
Grand Met	25	**Oils**	
GUS 'A'	60	Brit. Oil & Min.	4
Guardian	60	Brit Petroleum	42
GKN	17	Burmah Oil	18
Hanson Tst.	$17\frac{1}{2}$	Charterhall	6
Hawker Sidd	38	Premier	5
Hse of Fraser	30	Shell	60
ICI	60	Tricentrol	18
'Imps'	18	Ultramar	19
Jaguar	28	**Mines**	
Ladbroke	24		
Legal & Gen	50		
Lex Service	28	Charter Cons.	18
Lloyds Bank	45	Cons Gold	44
Lucas Inds	25	Lonrho	14
Marks & Spencer	11	Rio T Zinc	56

A selection of Options traded is given on the London Stock Exchange Report Page.

COMMODITIES AND AGRICULTURE

Indonesia aims to boost palm oil exports

By John Buckley

INDONESIA IS expected to take an aggressive role in world palm oil export markets over the next few months as local supplies are freed by a switch in domestic consumption back to coconut oil.

Earlier this month a five per cent export duty was scrapped in an attempt to stir more international business. After a succession of price cuts Indonesia has already won 18,000 tonnes worth of Pakistani orders which most observers had expected to go to Malaysia, the world's largest exporter.

Sales are also believed to have been made to Saudi Arabia.

Indonesia has indicated it can offer 15/20,000 tonnes a month of palm oil, oleins and stearins having invested heavily in a number of ultra modern refining and fractionation plants. Some dealers believe exports will now reach 100,000 tons by December, putting the Malaysians under intense competition at a time when their output is heading towards its annual peak.

India normally takes about 50,000 tons of Malaysian oil a month but has been slow to purchase during July in the hope that prices will fall further. In the past month refined palm oil has dropped by $16 to $70 per ton on origin fob markets reflecting the slow export trade and initial reports of a steep rise in Malaysia's July palm oil production.

Indonesia was once the second largest source of coconut oil after the Philippines. Exports were halted after a series of crop failures and a steep rise in domestic demand for cooking oils. Despite a strong and successful marketing campaign to establish palm as the preferred consumer choice the tradition to cook in the coconut oil appears to be making a comeback

For these reasons some traders believe the resurrection of Indonesian vegetable oil exports will be more than a flash in the pan.

Brazil and Argentina in $150m wheat deal

BY ANDREW WHITLEY IN RIO DE JANEIRO

BRAZILIAN AND Argentinian officials signed a $150m wheat purchase agreement over the weekend, wrapping up a large part of Brazil's import needs for this year.

Under the agreement, concluded in Brasilia, Argentina will supply 1,375,000 tonnes of wheat for delivery between October and next July, at prices to be fixed nearer the shipment date.

The wheat deal and a parallel agreement for the purchase of crude oil and petroleum derivatives from Argentina signed last week in Buenos Aires, are expected virtually to eliminate Argentina's $200-300m outstanding trade debt with Brazil.

Brazil's wheat imports this year have, meanwhile, been reduced by declining consumption to an expected 4.4m-4.5m tonnes, according to CTRIN, the Wheat Purchasing Board. Domestic consumption is estimated at 5.8m-5.9m tonnes, down from an earlier figure of 6.4m tonnes.

An expected excellent crop in 1985, estimated at 2.4m tonnes, will reduce further the country's import requirements in 1986. These are now forecast at 4.2m tonnes.

Sr Nilo Fenstenseifer, head of CTRIN, said on Friday that wheat plantings this year were 22.8 per cent up on the last harvest which produced 1.94m tonnes.

Before this latest agreement, Brazil had bought the following quantities of wheat for shipments between January and November: 1.6m tonnes from the U.S., 660,000 tonnes from Argentina, 450,000 tonnes from Canada, and 100,000 tonnes from France.

The major unknown factor in Brazilian wheat consumption is the extent to which the Sarney government will come under renewed pressure from the International Monetary Fund and the World Bank to eliminate the retail price subsidy for wheat, currently running at 45 per cent.

Gold still out of favour

BY KENNETH MARSTON, MINING CORRESPONDENT

THE HEIGHTENED political tension in South Africa and currency uncertainties in Europe, underlined by the weekend devaluation of the Italian lire left the gold market unmoved yesterday. In quiet trading the bullion price eased 50 cents to $318.25 per oz.

On the other hand, prices of South African gold shares were marked down sharply—the Financial Times Gold Mines index fell 19.7 to 385.2, its lowest since November, 1982—on fears that African unrest could affect the mines; they have not yet resolved the dispute over the black workers' wage claim.

Last year South Africa produced 683.3 tonnes of gold out of a non-communist world total of 1,148.7 tonnes. The second largest producer of gold is the Soviet bloc which sold an estimated 205 tonnes to the West last year.

Traditionally gold also responds to movements in currencies, particularly the U.S. dollar. But the recent fall in the value of the dollar has failed to produce the normally expected corresponding rise in the dollar price of bullion. A brief flurry last week, caused by fears about President Reagan's health did lift the price to $326.50, however.

Although pressure on world oil prices tends to act as a dampener to those of gold, the current lack of interest in the bullion market may be more closely linked to the counter attractions of alternative investment. Rather than turning to gold as a hedge against currency uncertainties, money has been moving into the more favoured currencies.

It has had a good run in the U.S. dollar and is now moving into other areas, notably sterling and Deutchesmarks.

Aluminium production remains at high level

By Our Commodities Staff

ALUMINIUM PRODUCTION in the non-Communist world still appears to be staying stubbornly high despite cuts in output announced by North American producers.

Average daily output was unchanged last month from its May level of 32,800 tonnes, although it was still below production in June 1984 of 34,700 tonnes, the International Primary Aluminium Institute reported yesterday.

The figures had little impact on the London Metal Exchange, where cash aluminium was quoted at £726.50 per tonne at the unofficial close, down £8.50 on the day. Dealers said the market is still looking for larger production cuts than have already been announced.

Meanwhile, LME warehouse copper stocks rose 8,400 tonnes last wek, according to figures released yesterday. Although a larger rise than expected, which might normally be expected to cause a fall in prices, copper values were marked up on the day.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending July 19)

	(tonnes)
Aluminium	+38,750 to 129,425
Copper	+8,400 to 128,525
Lead	−25 to 35,150
Nickel	+948 to 6,672
Tin	+895 to)24,150
Zinc	−725 to 33,350
	(ounces)
Silver	+662,000 to 50,924,000

● GOOD DEMAND was reported at yesterday's weekly London tea auction though prices were generally unchanged to a little lower compared with last week's sale.

Quality grade tea was again unquoted and medium grade was unchanged at 135p a kilo. Low medium grade fell 4p to 103p a kilo.

There were 35,116 packages on offer at the sale including 6,156 in the offshore section.

Another step on the road to chaos

Farmer's viewpoint: **John Cherrington** explains why he is not impressed by the latest EEC bid to control grain surpluses

I HAVE to confess that I have an ambivalent attitude to the solution imposed on the Council of Ministers by the EEC Commission to settle the cereal crisis. As a commentator on these affairs for more than 20 years I see it as no more than one further step towards inevitable chaos when community overproduction of almost everything brings the whole of the Common Agricultural Policy (CAP) to bankruptcy, both fiscal and intellectual. The only question left is when this will happen.

There seems to be no limit to the Council of Ministers' determination to reject any effective move to restrict output of grain, or anything else, to economic demand. Even after the imposition of milk quotas last year there is still a surplus of 12 per cent of output languishing in intervention stores and the milk regime is still costing some £150 per community cow.

The trouble is that the evolution of agricultural policy is at the mercy of the electoral strategies of a number of national politicians. It is therefore left to the voters to decide that the concept of a common price policy for farming affecting the very varied social, economic and climatic conditions of the 10, soon to be 12, member states, can no longer be supported at *any price*.

However, until the day that sanity returns to the agricultural scene it is up to me to make the best of things as they are. And they have not been too bad for those of us farming land purchased at low prices, who have not been tempted to expand too far at current inflated price levels and who are not over-borrowed at present nonsensical interest rates. There is no doubt that specialist grain growers have done best out of the CAP and this is borne out by recently published statistics leaked from a Community study.

The 1.8 *per cent* cut in the intervention price, which really governs that on the local market, has been mostly nullified by the reduction in the period for payment which is now from 90 to 120 days instead of 120 to 140 days. Some two-thirds of my harvest last year went to intervention stores and this year I am taking the greatest care that my drying and processing plant will make all my grain of intervention quality. I am pleasantly surprised that the standards have *not been tightened up as had* been mooted, but in case a sudden and arbitrary change raises these standards I will be prepared for them.

Even if I grew more of the milling wheats available than I do now, I would not benefit as the new breadmaking wheat standard envisages among other things an 11 per cent protein content, which is very hard to achieve in the UK except for the low yielding spring wheats. I will stick to the types of wheat which suit the British climate. The heavy yielding varieties which produce good feed grain. The trouble is that to compete on the present world market would require a much larger export subsidy than the Commission has so far granted, which is why there are still 3.3m tonnes in British store. In today's exchange rates it would probably require a subsidy of £40 a tonne to compete with U.S., Australian and other feed grains.

I am not over concerned by the prospect of a slow strangulation by price restraint, say 5 per cent a year. This seems *to be the favourite of* Mr Jopling and the UK Traditional Farmers Union, neither of whom can be very serious about reducing output. It will have two effects. I will try to do better to overcome the 5 per cent. I will try to raise output by 10 per cent. I shall not succeed of course but the tendency will be to accelerate the upward trend in production, which is already running at about 5 per cent a year.

Itosalb drhsoate mc f—

I will not try to reduce the direct inputs, seed, fertiliser and necessary sprays. These variable costs are often less significant than the overall fixed costs of land, buildings, permanent labour and machinery. Those with high rents can arbitrate for reductions, and undoubtedly will if things get tough, those with a heavy indebtedness might have a harder task.

Most farmers have taken advantage of the high initial allowances available during the prosperous periods and should not need to invest in more machinery or fixed equipment. It should all be written off by now. There is certainly scope for cutting the high cost of permanent labour by employing contractors for much of arable farming. There seem to be plenty about competing for my business.

In short I am not too worried. As long as the agricultural Ministers are more frightened of their farmer constituents *than they are of their finance* ministers the CAP will endure without reform.

Cocoa talks fail to revive pact hopes

TWO WEEKS of International Cocoa Organisation (ICCO) talks which ended in London on Friday failed to provide any rays of hope that a new International Cocoa Agreement will emerge from another round of negotiations in Geneva next February, delegates said.

The decision to make a fourth, and presumably final, attempt at negotiating a more effective accord was taken after the ICCO Council had agreed to extend the present one for a further 12 months to end-September, 1986.

The current agreement provides for annual review of its price stabilisation range of 106 to 146 cents per pound, against current prices of some 100 cents, and the amount of levy payments for financing support buying by its buffer stock.

The Soviet Union pressed hard for suspension of levies and for consideration of a cut of the price range in view of the dollar's appreciation but failed to stir any producer response.

The producers argued that since buffer stock purchases have been suspended since 1982 any such revision could only be seen as an attempt to pre-empt negotiations of a lower range under a future pact, the delegates said.

Members of the Soviet Union delegation were clearly disappointed at what they saw as a refusal by the Council to try to prepare a better basis for negotiating a workable pact by making at least a symbolic price range cut, the delegates said.

Rumours that they were about to take any extreme action proved unfounded although they did abstain from the council's decision to extend the pact, they added.

"We were taking a tough line in order to create a softer line on everybody's side in Geneva," Soviet delegates told journalists afterwards.

Asked whether the inability of the council to agree on a price range revision indicated the need for greater automaticness in a future pact, the Soviets said they held in very high esteem the International Natural Rubber Agreement.

They referred to its fall-back mechanisms in the absence of council decisions and to its discretionary zones within which the buffer stock manager can choose whether to buy or sell to support prices.

Reuter

LONDON MARKETS

SUGAR PRICES moved up strongly on the London futures market yesterday afternoon with nearby values gaining $6 to $10 a tonne. Dealers attributed the rise chiefly to talk of possible drought in the Caribbean, particularly the Dominican Republic. Another upward influence was a report that Cuba had recently sold Brazilian sugar to the Soviet Union.

The other soft commodity markets were very quiet. Cocoa futures moved in a very narrow range before ending mostly lower. The September position finished the day £4.50 down at £1,673 a tonne.

The coffee market was slightly more active but values closed around the middle of the day's trading range. The September position reached a high of £1,610 and a low of £1,573 a tonne before ending the day £3.50 lower on balance at £1,591.50 a tonne.

LME prices supplied by Amalgamated Metal Trading

MAIN PRICE CHANGES

In tonnes unless otherwise stated.

METALS	July 22 1985	+ or —	Month ago
Aluminium	£1100	....	£1100
Free Mkt	$1040.79	−10	$1025/055
Copper			
Cash h Grade	£1076.5	+7	£1108.5
3 mths	£1080.25	+7.5	£1122.25
Gold troy oz	$318.25	−0.5	$315
Lead Cash	£286.5	−4	£308.25
3 mths	£294.5	+1.75	£30.425
Nickel			
Free Mkt	230/260c	−2	260 288c
Palladium oz	$94.25	+0.75	$98.50
Platinum oz	$269.75	−1.05	$267.60
Quicksilver†	$285/295	....	$285/295
Silver troy oz	439.40p	+2.85	474.85p
3 mths	451.95p	+3.55	488.80p
Tin cash	£9178	+25.5	£9795
3 mths	£9166.5	+36	£9602.5
Tungsten	$67.49	....	$73.74
Wolfram 22 04lb	$60/64	....	$56/60
Zinc	£554	+15	£571.5
3 mths	£537.5	+12.75	£562.75
Producers	$830	....	$880

OILS	July 22 1985	+ or —	Month ago
Coconut (Phil)	$610z	−22.5	$575
Palm Malayan	$485u	−5	$555
SEEDS			
Copra Phil	$340z	....	$355
Soyabean (U.S.)	$228.5w	....	$235.5
GRAINS			
Barley Fut. Nov.	£101.35	−0.35	£97.00
Maize	£141.00z	....	£146.50
Wheat Fut Nov.	£101.30	−0.45	£98.05
No. 2 Hard Wint.	‡	....	‡
OTHERS			
Cocoa Ft. Sept.	£1675	−4.5	£1696.5
Coffee Ft. Sept.	£1591.5	−3.5	£2004.5
Cotton A Index	60.55c	−0.35	62.75c
Gas Oil Sept.	$218	+0.5	$213.75
Rubber (kilo)	64p	−0.5	66p
Sugar (raw)	$94zw	+3	$85
Wooltops 64s	438pkilo	....	457pkilo

‡ Unquoted. u Aug. x Aug-Sept. w Sept. z July-Aug. † Per 76 lb flask. c Cents per pound.

INDICES

FINANCIAL TIMES

July 19	July 18	M'th ago	Year ago
266.34	267.58	280.99	300.48

(Base: July 1 1952 = 100)

REUTERS

July 22	July 19	M'th ago	Year ago
1684.3	1673.8	1781.9	1894.2

(Base: September 18 1931 = 100)

DOW JONES

Dow Jones	July 19	July 16	Month ago	Year ago
Spot	115.77	116.50	—	131.02
Fut.	116.62	117.06	—	127.76

(Base: December 31 1974 = 100)

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	728-7	−8.5	724
3 months	748-.5-9.5	−7.25	760 746

Official closing (am): Cash 723-4 (725.5-6.5), three months 746.5-7 (746.5-7), settlement 724 (725.5). Final Kerb close, 748.5-9.

Turnover: 12,900 tonnes.

COPPER

Higher grade	Unoffic'l close	+ or —	High-Low
Cash	1076-7	+7	1072.5
Three m'nths	1080-.5	+7.5	1085/1072

Official closing (am): Cash 1072-5 (1018-20), three months 1075.5-6 (1037-9), settlement 1072.5 (1020). Final Kerb close: 1077.5-8.

Cathodes			
Cash	1037-40	−.5	1039
Three m'nths	1057-8	+2.5	1056

Official closing (am): Cash 1038-9 (1054-5), three months 1056-7 (1057-.5), settlement 1039 (1055).

Turnover: 29,750 *tonnes.* U.S. producer prices 68-71.50 cents per pound.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	286-7	−4	290
3 months	294-.5	−1.75	298/294

Official closing (am): Cash 290-5 (290.5-1), three months 296-.5 (295.5-6), settlement 29.5 (291). Final Kerb close: 293-4.

Turnover: 3,175 tonnes. U.S. Spot: 19-21 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	3630-40	−50	3650
3 months	3670.5	−35	3720-3660

Official closing (am): Cash 3625-30 (3695-700), three months 3660-5 (3710-20), settlement 3630 (3700). Final Kerb close: 3665-70.

Turnover: 894 tonnes.

ZINC

	Unofficial close (p.m.) £ per tonne	+ or —	High/low
Cash	553.5	−15	—
3 months	537.8	−12.75	541-528.5

Official closing (am): Cash 548-9 (536-8), three months 531-3 (520-2), settlement 548 (538). Final Kerb close: 540.5-1.

Turnover: 7,690 tonnes. U.S. Prime Western, 41.50-44 cents per pound.

TIN

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/low for day
Cash	9180-5	+22.5	—
3 months	9165-90	+47.5	—

Official closing (am): Cash 9162-5 (9150-5), three months 9165-70 (9115-20), settlement 9165 (9155).

Standard			
Cash	9176-80	+25.5	9185/9160
3 months	9166-7	+36.0	9170/9160

Official closing (am): Cash 9161-3 (9180-90), three months 9160-1 (9120-30), settlement 9163 (9190). Final Kerb close: 9165-70.

Turnover: 1,455 tonnes. Straits tin M$31.07 (30.87) kilo.

GOLD

Gold fell $½ to $318-318½ on the London bullion market yesterday. It opened at $317-317½, and was fixed at $317.40 in the morning and $317.25 in the afternoon. The metal touched a peak of $318¾-319¼ and a low of $316½-317. Trading was quiet, although the Opec meeting in Geneva attracted the market's attention, as well as renewed unrest in South Africa.

GOLD BULLION (fine ounce) July 19

Close	$318-318½	(£229-229½)
Opening	$317-317½	(£228¼-228¾)
M'n'g fix.	$317.40	(£227.608)
Aft'n'n fix.	$317.25	(£228.156)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$326¼-326¾	(£235-235¼)
½ Krug.	$169-169½	(£121½-122)
¼ Krug.	$86¼-87¼	(£62½-63)
1/10 Krug.	$35¼-35¾	(£25½-25¾)
Mapleleaf	$327¾-338¼	(£236-236¼)
New Sov.	$75½-76	(£54¼-54¾)
½New Sov	$45½-46	(£32¾-33)
Old Sov.	$76-77	(£54¾-56)
$20 Eagle	$460-500	(£331-360)
Noble Plat	$278-281¼	(£200-202¼)

SILVER

Silver was fixed 2.85p an ounce higher on the London bullion market yesterday, at 439.4p. U.S. cent equivalents of the fixing levels were: Spot 612.5c, up 0.25c; three-month 624.25c, up 0.85c; six-month 637.25c, up 1.25c; and 12-month 664.45c, up 1.15c. The metal opened at 609-612c (439½-442½p) and closed at 609-612c (438½-441½p).

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	439.40p	+2.85	439p	+4
3 months	451.95p	+3.55	451.85p	+4.55
6 months	464.50p	+4.00	—	—
12months	488.05p	+4.05	—	—

LME—Turnover: 45 (30) lots of 10,000 oz.

Three months high 452, low 451.5, final kerb 450-2.

GRAINS

The markets opened unchanged and drifted back on selling pressure in fairly featureless trading, reports Muirpace.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterdys close	+ or —
Sept	97.95	−0.50	97.90	−0.25
Nov	101.30	−0.45	101.35	−0.35
Jan	105.10	−0.45	105.15	−0.40
Mar.	108.50	−0.45	108.40	−0.45
May	111.95	−0.50	111.30	−0.45

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1, 15 per cent, Aug 121.25, Sept 120, Oct 124.50, Nov 126.25 sellers transhipment East Coast. U.S. No. 2 Soft Red Winter Aug 108.50, Sept 111.50, Oct 114.25, Nov 115.75 sellers. EC July 117 seller. English Feed fob Harvest 98.50, Sept 99, Oct 102, Oct-Dec 103.75, Dec 106.25, Jan-March 108.50, Jan-June 112.25 sellers. Maize: U.S. No. 3 Yellow/French transhipment East Coast July-Aug 141 sellers. Barley: English Feed fob Oct 102.25 paid South Coast, Aug 99.00, Sept 100.00, Oct-Dec 104.25 sellers East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 90.10, E. Mids 92.70. There is doubt about how the UK monetary coefficient calculation will be carried out this week, due to devaluation of the Italian lira over the weekend.

Business done—Wheat: Sept 98.25-8.00, Nov 101.55-1 30, Jan 105.45-5 15, March 108.75-8 50, May 112.10 only. Sales: 145 lots of 100 tonnes. Barley: Sept 98.00 only, Nov 101.50-1.40, Jan 105.45-5.15, March 108.65 only, May 111.60 only. Sales: 82 lots of 100 tonnes.

COCOA

After a slightly stronger morning prices fell following a weaker New York market. Scale-down price fixing and short-covering limited the decline. Physicals were quiet.

COCOA	Yesterday's Close £ per tonne	+ or —	Business Done
July	1720-1727	+6.0	1754-1725
Sept	1672-1674	−4.5	1688-1672
Dec	1664-1665	−4.0	1675-1663
Mar.	1674-1675	−4.0	1684-1675
May	1692-1694	−2.0	1698-1692
July	1707-1708	−7.0	1716-1707
Sept	1720-1728	−1.5	1726-1720

Sales: 1,180 (5,012) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound). Daily price for July 22: 99.19 (100.02); five-day average for July 23, 99.99 (99.95).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 230 tonnes. Fair offtake with renewed interest in Paraguayan, West African and Russian qualities.

COFFEE

A late advance on Friday's New York market and lower sterling produced opening gains of £10-29, reports DBL. Prices fell as sterling recovered and mixed selling in thin conditions prompted losses of £19-22 from the previous close. Commission house trade buying during a quite afternoon kept value steady.

COFFEE	Yesterd'ys Close	+ or —	Business Done
July	1550-1555	−5.5	1560-1540
Sept	1591-1592	−3.5	1610-1573
Nov.	1628-1632	−3.5	1654-1615
Jan.	1671-1675	−4.5	1690-1658
March	1710-1712	−3.5	1721-1694
May	1749-1751	+14.0	1754-1740
July	1780-1784	+22.0	1775-1750

Sales: 1,861 (6,870) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for July 19: Comp daily 1979 118.53 (119.43); 15-day average 124.09 (124.73).

SUGAR

LONDON DAILY PRICE—Raw sugar $94.00 (£67.50), up $2.50 (up £3.00) a tonne for July-Aug-Sept delivery. White sugar $135.50, down $1.50.

Reports of drought in San Domingo fuelled another sharp rise, reports C. Czarnikow.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
Aug	126.6-127.0	98.2-98.8	105.0-95.6
Oct	107.0-107.2	100.4-100.6	108.4-99.8
Dec	110.2-110.8	102.0-102.4	112.2-102.0
Mar	119.4-119.8	111.8-112.0	121.4-110.8
May	125.0-126.6	115.4-115.8	124.2-114.6
Aug	—	119.0-120.0	—
Oct	—	122.2-125.0	—

Sales: 3,260 lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £170.00 (£167.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports.) Prices for daily price unavailable (3.15): 15-day average unavailable (2.78).

SOYABEAN MEAL

The market opened 50p higher on trade buying, reports T. G. Roddick. Prices remained firm in good two-way trade and closed on the highs.

	Yesterday close £ per tonne	+ or —	Business Done
August	107.0-112.0	+4.50	—
October	113.7-114.0	+1.55	115.1-112.5
Dec	118.5-118.5	+1.25	118.5-117.5
Feb	123.8-124.5	+1.40	—
Apr	124.0-125.6	+1.00	—
June	125.0-126.5	+1.50	—
August	128.0-129.9	+1.95	—

Sales: 180 (317) lots of 20 tonnes.

RUBBER

The London physical market opened about unchanged, saw very little activity throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 64.00p (64.50p). Aug 60.25p (same); Sept 60.00p (same). The Kuala Lumpur fob price for RSS No 1 was 192.0 (191.5) cents a kg and for SMR 20 was 161.5 (161.0).

OIL

The crude market was very quiet, but limited, firm buying interest lifted Brent prices. Nymex opened 3c down for August WTI but traded 14c up at 1 pm EST. Of the petroleum products gasoil and heavy fuel were quiet, awaiting direction from the Opec meeting. Prompt gas oil continued to firm on inland demand—Petroleum, to firm on inland demand—Petroleum Argus, London.

SPOT PRICES

CRUDE OIL—FOB ($ per barrel)—Aug.	Latest	Change + or —
Arab Light	27.00-27.10	—
Arab Heavy	24.90-25.00	—
Dubai	25.60-25.65	—
Brent Blend	26.55-26.70	+0.10
W.T.I. (1pm est)	27.45-27.55	+0.10
Forcados (Nigeria)	26.65-26.75*	—
Urals (cif NWE)	25.80-25.95*	—

PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	265-267	—
Gas Oil	222-223	+1
Heavy fuel oil	129-131	—
Naphtha	263-266	−1

*July

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close $ U.S. per tonne	+ or —	Business Done
Aug	219.75	+0.75	220.25-18.25
Sep	218.00	+0.50	218.25-17.80
Oct	218.25	—	219.00-17.80
Nov	219.75	−0.25	219.75-19.00
Dec	221.75	−0.50	221.75-20.75
Jan.	231.00	+2.25	—

Turnover: 674 (1,379) lots of 100 tonnes.

POTATOES

The market dipped briefly on the opening, but blight concern is still evident, and levels recovered to unchanged. Chart resistance at £77.00, basis April, was broken during the afternoon, triggering stop-loss buying orders which led to a firm close at the day's highs.

Month	Yesterday's close £ per tonne	Previous close	Business Done
Nov.	57.50	56.40	57.50-56.00
Feb.	66.00	65.50	—
Apr.	78.00	76.10	78.20-75.60
May	84.00	82.00	84.00

Sales: 308 (346) lots of 40 tonnes.

PIGMEAT

The spot market remains in stalemate but more interest is developing in winter positions, reports CCST Commodities.

Month	Yesterdays close p. per kilo (deadweight)	Previous close	Business done
Aug.	107.10	107.10	107.00
Oct.	106.80	106.70	—
Nov.	107.70	107.00	107.70
Feb.	99.30	99.30	99.10-98.00
April	99.50	99.50	99.50-99.40
June	98.80	98.30	—

Sales: 33 (32) lots of 50 carcases, 3,250 kg.

FREIGHT FUTURES

The market was quiet and little changed. October and January drifted lower in modest mid-afternoon trading and final values were slightly easier, reports Clarkson Wolff. The Baltic Freight Index was 3 points down at 760.5.

	Close	High-Low	Prev.
July	765-769	860-857	766-771
Oct.	858-863	904-900	861-862
Jan.	899-900	945	895-898
April	945-951	—	905-910
July	870-900	—	847-900
Oct.	955-1010	—	950-1020
Jan.	960-1035	—	960-1030
April	1080-1050	—	980-1030

Turnover: 103 (65).

U.S. MARKETS

GOLD AND SILVER were firm in reaction to a steadier tone in currencies and energy along with continuing concern over tension in South Africa, reports Heinold Commodities. Copper was generally weak in reaction to a larger than expected build-up in LME stocks. Sugar traded sharply higher in response to reports of larger use of sugar cane for alcohol production in Brazil along with the deferral of some shipments. Cocoa steadied on a lack of news. Coffee remained weak on the releasing of additional coffee for third quarter shipment by Brazil. Cotton firmed on good mill pricing as values continued to trade below loan rates. Heating oil prices moved sharply higher as spot energy markets maintained their strength in the absence of any definite indications from the Opec meeting. Grains and soyabeans were strong on the close both on the late currency rally as well as on reports that precipitation over the weekend was patchy and that pockets of drought are appearing through the Midwest.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	High	Low	Prev
July	44.30	—	—	45.60
Aug	44.50	—	—	45.80
Sept	44.75	45.50	44.70	46.10
Dec	45.70	46.45	45.75	47.10
Jan	46.00	—	—	47.40
March	46.65	—	—	48.10
May	47.35	—	—	48.80
July	48.05	—	—	49.50
Sept	48.75	—	—	50.20
Jan	50.15	—	—	51.60

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
Sept	2074	2077	2025	2059
Dec	2116	2118	2081	2097
March	2135	2135	2111	2115
May	2153	2155	2150	2146
Sept	2191	—	—	2166
Dec	2201	—	—	2176

COFFEE "C" 37,000 lbs, cents/lb

	Close	High	Low	Prev
July	133.43	133.90	133.00	134.75
Sept	135.48	135.90	134.50	136.38
Dec	137.14	137.60	136.50	137.85
March	138.20	138.20	137.40	138.49
May	138.70	138.75	138.00	138.76
July	139.33	139.25	139.25	139.25
Sept	139.38	139.50	139.50	138.50
Dec	140.00	—	—	139.50

COPPER 25,000 lbs, cents/lb

	Close	High	Low	Prev
July	62.20	62.90	62.60	63.05
Aug	62.25	—	—	63.15
Sept	62.70	63.45	62.50	63.60
Dec	63.90	64.60	63.70	64.80
Jan	64.20	—	—	65.10
March	64.80	65.60	64.60	65.75
May	65.20	65.45	65.45	66.15
July	65.60	66.40	65.45	66.55
Sept	66.00	66.75	66.30	66.95
Dec	66.60	67.30	67.30	67.60

COTTON 50,000 lbs, censt/lb

	Close	High	Low	Prev
Oct	59.81	59.96	59.55	59.45
Dec	59.90	60.11	59.65	59.67
March	60.40	60.52	60.05	60.12
May	60.30	60.40	59.95	59.95
July	59.72	—	59.50	59.50
Oct	54.80	55.30	55.05	55.25
Dec	54.05	54.65	53.80	54.50

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrel

	Latest	High	Low	Prev
Aug	27.68	27.70	27.30	27.40
Sept	26.91	27.00	26.61	26.68
Oct	26.15	26.25	25.81	25.98
Nov	25.68	25.78	25.40	25.55
Dec	25.35	25.47	25.03	25.20
Jan	25.10	25.18	24.88	24.93
Feb	24.83	24.83	24.60	24.66
March	24.50	—	—	24.43
April	24.30	—	—	24.17
May	24.00	—	—	23.94

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
July	321.7	—	—	318.2
Aug	322.3	322.7	317.3	318.8
Sept	324.2	—	—	320.6
Oct	326.0	326.5	321.0	322.4
Dec	330.0	330.4	325.0	326.4
Feb	334.3	334.2	329.0	330.8
April	338.6	338.0	333.8	334.8
June	343.3	339.0	338.5	339.4
Aug	348.2	—	—	334.2
Oct	353.3	—	—	349.2
Dec	358.6	354.0	354.0	354.4
Feb	364.1	—	—	359.8
April	369.6	—	—	365.2

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallon

	Latest	High	Low	Prev
Aug	68.30	68.60	67.50	68.06
Sept	68.95	69.16	67.70	68.28
Oct	69.80	70.00	68.55	69.22
Nov	70.65	70.70	69.50	69.90
Dec	71.30	71.45	70.25	70.85
Jan	71.60	71.20	70.85	71.20
Feb	70.55	70.65	70.35	70.73
March	68.25	—	—	68.40

ORANGE JUICE 15,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	134.70	134.80	133.80	134.35
Nov	132.75	133.00	131.50	131.85
Jan	130.50	130.50	—	130.20
March	130.50	130.50	—	129.95
May	130.50	—	—	129.95
July	130.50	—	—	129.95

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
July	272.8	—	—	272.1
Oct	273.3	273.3	268.5	272.1
Jan	277.7	278.0	273.5	276.5
April	282.6	281.5	279.5	281.4
July	287.9	288.0	285.5	286.7

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
July	614.1	616.0	609.5	611.6
Aug	615.8	—	—	613.3
Sept	620.0	621.5	612.0	617.5
Dec	632.4	634.0	625.0	629.7
Jan	637.0	—	—	634.2
March	645.6	646.5	638.0	642.6
May	654.6	—	—	651.3
July	664.2	660.0	658.0	660.8
Sept	674.3	670.5	666.5	670.6
Dec	689.8	683.5	683.5	685.8

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	High	Low	Prev
Sept	3.62	3.64	3.24	3.35
Oct	3.77	3.79	3.37	3.43
Jan	4.00	4.00	3.61	3.64
March	4.30	4.40	3.88	3.95
May	4.45	4.54	4.07	4.14
July	4.64	4.70	4.28	4.34
Sept	4.70	4.60	4.60	4.36
Oct	4.87	4.97	4.49	4.52

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Aug	54.17	55.17	53.90	54.77
Oct	56.22	57.27	56.05	57.00
Dec	58.72	59.67	58.42	58.42
Feb	59.67	60.50	59.42	60.40
April	60.87	61.60	60.80	61.35
June	61.70	62.10	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Aug	45.02	45.80	44.80	45.55
Oct	40.65	41.66	40.40	41.30
Dec	42.70	43.50	42.20	43.25
Feb	43.87	44.90	43.75	44.95
April	41.80	42.95	41.60	42.90
June	44.15	45.10	43.85	45.10
July	44.40	45.40	44.40	45.00
Aug	44.40	44.40	44.30	45.00

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
July	51.32	53.40	51.20	52.77
Aug	51.47	53.20	50.75	52.45
Feb	63.37	65.35	62.77	64.77
March	62.75	64.70	62.30	64.10
May	63.40	65.50	62.95	64.97
July	64.00	66.00	63.90	65.40
Aug	62.80	64.80	62.80	64.00

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
July	279.6	283.4	276.0	280.6
Sept	244.8	248.0	244.4	245.2
Dec	235.2	237.4	235.0	238.0
March	242.6	245.4	242.4	243.2
May	247.4	250.4	247.2	247.4
July	248.4	251.2	248.2	248.4
Sept	234.2	236.0	233.0	233.4

SOYABEANS 5,000 bu min, cents/60lb-bushel

	Close	High	Low	Prev
July	557.0	559.0	551.4	554.0
Aug	555.0	557.6	549.2	551.6
Sept	550.4	553.0	545.4	547.6
Nov	554.0	556.6	548.6	551.2
Jan	564.0	567.0	559.0	560.6
March	575.4	577.0	569.0	571.0
May	581.2	585.0	577.0	577.4
July	583.6	586.4	577.0	578.4
Aug	579.0	581.0	573.0	573.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
July	125.6	126.5	124.5	125.2
August	127.4	127.8	125.0	125.6
Sept	130.1	130.4	128.1	128.2
Oct	132.6	132.7	130.6	130.8
Dec	137.4	138.0	135.8	135.9
Jan	139.8	140.3	138.4	138.5
March	142.7	143.0	142.1	141.6
May	146.3	—	—	144.6
July	151.0	151.0	149.5	148.5

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
July	27.00	27.60	27.00	27.68
August	26.54	26.75	26.38	26.63
Sept	25.90	26.15	25.70	25.98
Oct	25.40	25.60	25.25	25.45
Dec	24.76	25.05	24.70	24.81
Jan	24.52	24.75	24.50	24.57
March	24.43	24.75	24.40	24.57
May	24.35	24.65	24.35	24.51
July	24.22	24.35	24.10	24.14
August	24.13	24.15	24.10	24.12

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
July	297.6	299.0	297.2	299.0
Sept	306.2	307.0	304.4	305.4
Dec	313.6	315.2	313.0	313.2
March	313.4	315.2	313.0	313.0
May	303.4	305.0	303.0	303.2
July	283.2	284.0	281.2	282.0

SPOT PRICES—Chicago loose lard 18.00 (same) cents per pound. New York tin 588.0-598.0 (588.0-599.0) cents per pound. Handy and Harman silver bullion 609.0 (612.5) cents per troy ounce.

OTHER MARKETS

ROTTERDAM

Wheat—(U.S. $ per tonne): U.S. No 2 Soft Red Winter Aug 133.50, Sept 137, Oct 140.50, Nov 142.50. U.S. No. 2 Northern Spring 14 per cent protein Aug 152.50, Sept 152.50, Oct 155, Nov 158. U.S. Northern Spring 15 per cent protein Aug 163, Sept 161.50, Oct 166, Nov 169. U.S. No. 3 Hard Amber Durum July 168, Aug 167, Sept 160, Oct 164, Nov 167. Canadian No. 1 Western Red Spring 13.5 per cent Aug 169, Sept 169, Oct 171. Canadian No. 1 Western Amber Durum Aug 173, Sept 173, Oct 176.50, Nov 15-Dec 15 180.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow afloat 129.50, July 129, Aug 127, Sept 121.50, Oct-Dec 116.50, Jan-March 120 sellers. Argentine Plate afloat 133, July 132, Aug 133, Sept 133 sellers.

WHEAT

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.0 to 81.0; English hindquarters 88.5 to 90.5, fore quarters 53.0 to 58.0; Ulster hind quarters 89.0 to 92.0. Veal: Dutch hinds and ends 141.0 to 146.0. Lamb: English small 66.0 to 72.0, medium 64.0 to 70.0, heavy 63.0 to 65.0; Scottish heavy 62.0 to 64.0; Imported: New Zealand PL 64.5 to 65.5, PX 64.0 to 65.0. Pork: English under 100lb 47.0 to 56.5, 100-120lb 50.5 to 54.5, 120-160lb 43.0 to 48.0.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 580.0, 580.0; Oct 604.0, 610.0, nil; Dec 610.0, 612.0, 615.0-612.0; March 620.0, 626.0, 620.0; May 626.0, 627.0, 626.0; July 630.0, 635.0, 633.0; Oct 618.0, 634.0, nil; Dec 624.0, 643.0, nil. Sales: 21.

PARIS

SUGAR—(FFr per tonne): Oct 1199-1205, Dec 1205-1210, Mar 1220-1225, May 1247-1265, Aug 1280-1300, Oct 1320-1345.

COCOA—(FFr per 100 kg): July 2200 ask, Sep 2015-2040, Dec 2002-2015, Mar 2015-2020, May 2020 bid, July 2025 bid, Sep 2030 bid.

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle, 96.31p per kg lw (−0.08). GB—Sheep, 154.70p per kg est dcw (+1.83). GB—Pigs, 78.79p per kg lw (+1.75).

هكذا من الأصل

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gains from lira nerves

The dollar benefited from nervousness surrounding European currencies yesterday, as a result of the devaluation of the Italian lira over the weekend. The U.S. currency was very strong initially, but failed to establish itself above DM 2.90, and dealers suggested that as the foreign exchanges settle down the dollar is likely to retreat once again. There are fewer major economic events in the U.S. this week, and nothing dramatic is anticipated from today's durable goods orders for June or the consumer price index for the same month. U.S. interest rates were a little firmer, but there was little or no impact when the Federal Reserve made its expected injection of reserves into the New York banking system.

The dollar rose to DM 2.8980 from DM 2.8865; FFr 8.7975 from FFr 8.77; SwFr 2.3785 from SwFr 2.3775; and Y240.05 from Y238.60.

On Bank of England figures the dollar's index rose to 139.0 from 138.5.

The lira's index fell to 43.6 from 45.4. Following the devaluation of the Italian currency the dollar was fixed at L1,918.10 in Milan, compared with L2,200 on Friday, before foreign exchange trading was suspended by the Bank of Italy. The lira closed at L1,944.50, against L1,854 on Thursday, the last day of normal trading in the currency. Although there were no signs of any further strains in the EMS, the market is nervous that any weakening of the dollar is likely to attract money into the D-mark, causing problems for the potentially weaker members of the system in coming months.

STERLING — Trading range against the dollar in 1985 is 1.4125 to 1.0525. June average 1.2813. Exchange rate index fell 0.5 to 83.6. It also opened at 83.6, and was fairly steady between 83.5 and 83.8 throughout.

Sterling was generally depressed, but trading was quiet as dealers awaited the outcome of the Opec ministers meeting in Geneva. The pound fell 1 cent to $1.3885-1.3895, and also declined to DM 4.0250 from DM 4.04; FFr 12.2075 from FFr 12.2750; and SwFr 3.30 from SwFr 3.32, but was unchanged at Y333.50.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.8375. June average 3.0639. Exchange rate index 124.4 against 120.3 six months ago.

The D-mark weakened with other European currencies against the dollar as a result of nervousness following the devaluation of the lira. Dealers also continued to digest last week's comments on the U.S. economy made by Mr Paul Volcker, chairman of the Federal Reserve Board, ahead of today's figures on U.S. durable goods and consumer prices. The dollar rose to DM 2.89225 from DM 2.8765 on Friday, and earlier in the day was fixed at DM 2.8856, compared with DM 2.8703 previously. The Bundesbank did not intervene. Trading was in a rather wider range than of late, but the dollar tended to show resistance above DM 2.90. Sterling suffered from uncertainty over oil prices, falling to DM 4.0230 from DM 4.0270 at the fixing.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu July 22	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.8320	45.8320	+2.23	NA	NA
Danish Krone	8.12857	8.06743	−0.75	NA	NA
German D-mark	2.24485	2.24486	+0.29	NA	NA
French Franc	6.86402	6.82171	−0.62	NA	NA
Dutch Guilder	2.52208	2.52683	+0.19	NA	NA
Irish Punt	0.724578	0.715919	−1.20	NA	NA
Italian Lira	1520.60	1501.24	−1.27	NA	NA

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

	July 22	Previous
8.30 am	83.6	84.0
9.00 am	83.7	84.1
10.00 am	83.5	83.9
11.00 am	83.8	83.8
Noon	83.7	83.8
1.00 pm	83.8	84.7
2.00 pm	83.7	83.8
3.00 pm	83.5	83.8
4.00 pm	83.6	84.1

£ IN NEW YORK

	July 22	Prev. close
£ Spot	$1.3950-1.3965	$1.3930-1.3950
1 month	0.56-0.54 pm	0.51-0.49 pm
3 months	1.28-1.23 pm	1.30-1.28pm
12 months	3.26-3.13 pm	3.20-3.15pm

Forward premiums and discounts apply to the U.S. dollar

POUND SPOT—FORWARD AGAINST POUND

July 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.3780-1.3975	1.3885-1.3895	0.56-0.53c pm	4.32	1.32-1.27pm	3.73
Canada		1.8732-1.8762	0.62-0.53c pm	3.68	1.33-1.28pm	2.76
Nethlnd.		4.51½-4.52½	2½-2¼c pm	0.70	6½-5pm	5.42
Belgium		81.60-81.70	28-19c pm	18.70	61-51c pm	15.52
Denmark		14.43¾-14.44¾	4½-3½ore pm	3.5	10-8½ pm	2.89
Ireland		1.2788-1.2821	0.45-0.21c pm	2.64	0.74-0.57pm	2.10
W. Ger.		4.02-4.03	2¾-2½pf pm	7.84	7-6½pm	6.54
Portugal		233½-237½				
[illegible]						

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar [illegible]. 12-month [illegible].

DOLLAR SPOT—FORWARD AGAINST DOLLAR

July 22	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.3780-1.3975	1.3885-1.3895	0.56-0.53c pm	4.32	1.32-1.27pm	3.73
Ireland†	1.0730-1.0875	1.0820-1.0830	0.23-0.18c pm	2.28	0.50-0.40pm	1.66
Canada	1.3480-1.4010	1.3900-1.4010	0.10-0.13c dis	−1.02	0.32-0.37dis	−1.02
Nethlnd.	3.2410-3.2915	3.2550-3.2560	0.49-0.46c pm	1.75	1.50-1.47pm	1.83
Belgium	58.05-58.66	58.05-58.15	4-5c dis	−0.93	13-15dis	−0.97
Denmark	10.35-10.51½	10.39-10.40	1-1½ore dis	−1.44	2¾-3¼dis	−1.15
W. Ger.	2.8785-2.9220	2.8975-2.8985	0.81-0.76pf pm	3.26	2.25-2.20pm	2.93
Portugal	168-171	168-169	150-400c dis	−19.53	600-1300dis	−21.30
[illegible]			90-105c dis	−6.96	280-315dis	−7.08

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

OTHER CURRENCIES

CURRENCY MOVEMENTS

CURRENCY RATES

EXCHANGE CROSS RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

July 22	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅛-12⅜	8-8⅛	8-8½	5⅝-5¾	1¼-1⅛	5-5⅛	9⅝-9⅞	9⅜-10	8¾-9⅛	9⅝-9⅞	6¼-6⅜	9½-10
7 days' notice	12⅛-12⅜	7⅞-8⅛	8⅛-8¼	6⅝-6¾	1¼-1⅛	5-5⅛	9⅝-9⅞	10-12	9⅛-9⅞	9⅝-9⅞	6¼-6⅜	9⅛-10
Month	12¼-12⅜	8-8⅛	8¾-9	5⅝-5½	5⅛-5¼	5-5⅛	9⅞-10⅛	11¼-12¾	9⅛-9⅞	8¾-9⅛	6¼-6⅜	9¼-9¾
Three months	11⅞-12	8⅛-8¼	8⅞-9⅛	5⅛-5⅞	5⅛-5¼	5⅛-5⅛	9⅞-10⅛	12¼-13¼	8⅞-9⅛	8⅞-9⅛	6⅛-6⅝	9⅜-9⅞
Six months	11⅞-11⅞	8⅛-8⅜	9⅛-9⅜	6⅛-6⅛	5⅛-5¼	5⅛-5¼	10-10⅛	13⅛-13⅞	9⅛-9⅜	9-9¼	6¼-6⅜	9⅛-10
One year	11⅝-11⅛	8⅛-8⅜	9⅝-9⅝	6⅛-6⅛	5⅛-5¼	5¼-5⅝	10⅝-11⅛	13⅝-14¼	9⅝-9⅝	9-9⅛	6¼-6⅜	9⅝-10⅛

Asian $ (closing rates in Singapore): Short-term 7⅞-8 per cent; seven days 7⅞-8 per cent; one month 7[illegible]-8[illegible] per cent; three months 8[illegible]-8[illegible] per cent; six months 8¼-8⅜ per cent; one year 8⅜-8⅝ per cent. Long-term Eurodollars: two years 9¼-9½ per cent; three years 10-10⅛ per cent; four years 10¼-10½ per cent; five years 10¼-10½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

London rates slightly firmer

Interest rates had a slightly firmer tone on the London money market yesterday, as sterling lost about 1 cent on the foreign exchanges as Opec ministers met in Geneva to discuss oil prices. Three-month interbank rose to 11⅞-12 per cent from 11⅞-11⅞ per cent, and discount houses buying rates for three-month bank bills were unchanged at 11⅜ per cent.

Rates also had a firm tone in New York. The Federal Reserve intervened to add $1.5bn liquidity to the banking system through customer repurchase agreements, when Federal funds were trading at 8 per cent.

UK clearing banks base-lending rate 12 per cent since July 11-16.

The Bank of England forecast a money market shortage of £650m, and gave total help of £706m.

Apart from £646m bills bought outright, late assistance of £60m was also provided.

Before lunch the authorities bought £159m bills outright by way of £2m bank bills in band 1 (up to 14 days maturity) at 11⅞ per cent; £145m bank bills in band 2 (15 to 33 days) at 11⅞ per cent; and £12m bank bills in band 3 (34-63 days) at 11⅞ per cent.

In the afternoon another £587m bills were purchased outright, through £15m bank bills in band 1 at 11⅞ per cent; £439m bank bills in band 2 at 11⅞ per cent; and £33m bank bills in band 3 at 11⅞ per cent.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,213m, with bank balances below target absorbing another £35m. These outweighed a fall in the note circulation adding £280m to liquidity, and Exchequer transactions of £325m.

The renewed temporary facilities made available to the banks yesterday were at a one-month rate of 12⅛ per cent, equal to the prevailing market rate at the time.

In Paris Banque Paribas cut its base rate to 10.85 per cent from 11.25 per cent, matching cuts made by Societe Generale and Banque Nationale de Paris (BNP) on Friday. The Bank of France has reduced its money market intervention rate twice this month—the latest was a ¼ per cent cut to 9⅝ per cent on Thursday—to encourage the commercial banks to cut base rates.

MONEY RATES

July 22	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.05-5.15	9⅝	1⅝-1⅝	6⅝-6¾	6.15625	14½-14⅞	—	—
One month	5.10-5.25	9⅝-9¾	5-5⅛	6⅛-6⅜	6.28125	13¾-14⅛	—	—
Two months	5.10-5.25	9⅛-9⅞	—	—	—	—	—	—
Three months	5.15-5.25	9¾-9⅞	5⅛-5⅛	6¼-6⅝	6.28125	14¼-14⅝	—	—
Six months	5.15-5.30	9⅞-10	—	6⅛-6¼	—	—	—	—
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	9⅝	—	6⅝	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

July 22 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	11-12⅝	12½-12⅝	12-12¾	9-12⅝	—	—	—	—	—
2 days notice	—	—	12½-12⅝	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12⅜-12⅝	12⅜-12⅝	12⅝-12¾	12⅜-12½	—	—	—	—	—
One month	12⅛-12⅛	12¼-12⅝	12¼	12½-12⅝	12	11⅞	11⅞	11⅞	11⅞	12⅜
Two months	12⅛-11⅞	12⅛-12⅛	12¼	12¼	11½	11⅞	11½	11⅞	11⅞	12⅜
Three months	11⅞-11⅞	11⅞-12⅛	11⅞	12⅛	11¼	11⅝	11¼	11⅝	11⅞	12
Six months	11⅝-11¼	11⅝-11⅞	11⅝	—	—	—	—	10⅞	11¾	11½
Nine months	11¼-11⅛	11⅞-11⅞	—	—	—	—	—	—	—	—
One year	11⅛-11⅛	11⅞-11⅞	11⅛	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	12⅝-12⅜	—	12¼	7.9-7.95	7⅞-8⅛	8¾-9
Two months	12½-12¼	—	12⅛	7.9-8.0	7⅞-8⅛	8¾-9
Three months	12⅛-12⅛	—	11⅞	7.95-8.05	7⅞-8⅛	8¾-9
Six months	12⅛-11⅞	—	11¾	8.05-8.15	7⅞-8⅛	8¾-9
Nine months	11⅞-11⅝	—	11⅝	8.35-8.45	—	—
One year	11⅝-11⅝	—	11⅝	8.5-8.6	8⅛-8⅝	8¾-9
Two years	—	11⅞	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11⅛	—	—	—	—

ECGD Fixed Finance IV: Average Rate of interest period June 5 to July 2 (inclusive): 12.535 per cent. Local authority and finance houses seven days notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses' Association): 13 per cent from July 1 1985. London and Scottish Clearing Bank Rate for lending 13 per cent. Bank Deposit Rates for sums at seven days' notice 6.25-6.625 per cent (net). Treasury Bills: Average tender rate of discount 11.1326 per cent. Certificates of Tax Deposits (Series 6): Deposits £100,000 and over held under one month 12 per cent; one-three months 11¾ per cent; three-six months 11½ per cent; six-nine months 11⅛ per cent; nine-12 months 11¾ per cent. Under £100,000 10¾ per cent from July 18. Deposits held under Series 5 11¾ per cent. The rate for all deposits withdrawn for cash 8 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. July 22)

3 months U.S. dollars	
bid 8⅛	offer 8¼
6 months U.S. dollars	
bid 8¼	offer 8⅜

The fixing rates are the arithmetic means, rounded to the nearest one sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	9½
Broker loan rate	[illegible]
Fed funds	8
Fed funds at intervention	[illegible]

Treasury Bills

One month	6.95
Two month	7.10
Three month	7.22
Six month	7.31
One year	7.43

Treasury Bonds

Two year	[illegible]
Three year	[illegible]
Four year	100
Five year	100
Seven year	100
10 year	100
30 year	100

FINANCIAL FUTURES

Prices fall

Prices fell on the London International Financial Futures Exchange yesterday. September Eurodollars opened at 91.77, and were steady, within a range of 91.75 to 91.78 until Chicago began trading. U.S. traders took the contract down to a low of 91.65, before it closed at 91.69 compared with 91.76 on Friday. U.S. Treasury bond futures followed a similar pattern, opening at 76-11 for September delivery, near the high of the day, and falling to a low of 75-26. The contract closed at 76-01, against 76-09 previously.

London dealers do not anticipate any great reaction to today's U.S. figures on consumer prices and durable goods orders. Tomorrow's auction of two-year Treasury notes is expected to attract more attention.

Three-month sterling futures opened near the day's peak at 88.58, and traded down as the pound weakened on the foreign exchanges, although the low of 88.53 was largely a movement in sympathy with the decline in Eurodollar futures.

After a weak opening gilts showed little change, waiting for news from the Opec meeting in Geneva, although one stockjobber was thought to be a potential seller, but only for large orders.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
Sept	91.69	91.78	91.65	91.93
Dec	91.27	91.37	91.23	91.49
March	90.85	90.96	90.83	91.04
June	90.47	90.56	90.48	90.64
Sept	90.12	—	—	90.29

Est. Volume 8590 (7626)
Previous day's open int. 18,904 (—)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
Sept	88.57	88.60	88.53	88.74
Dec	89.24	89.24	89.24	89.30
March	89.42	—	—	89.48
June	89.50	—	—	89.53

Est. Volume 3950 (2388)
Previous day's open int. 6,771 (—)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
Sept	112-04	121-0	120-2	112-24
Sept	112-04	121-00	120-20	112-24
Dec	112-09	—	—	112-30
March	112-26	—	—	113-15

Est. Volume 2,822 (3,369)
Previous day's open int. 4058 (—)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near future contract) −25 −15 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
Sept	1.3820	1.3900	1.3775	1.3970
Dec	1.3710	1.3760	1.3695	1.3860
March	1.3755	—	—	1.3785

Est. Volume 253 (1,988)
Previous day's open int. 3,081 (—)

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
Sept	0.3472	0.3480	0.3450	0.3497
Dec	0.3515	—	—	0.3525

Est. Volume 163 (198)
Previous day's open int. 433 (—)

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Sept	0.4230	0.4232	0.4219	0.4237

Est. Volume nil (3)
Previous day's open int. 181 (—)

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
Sept	76-01	76-12	75-26	77-01
Dec	74-31	74-31	74-31	75-29
March	73-30	—	—	74-29

Est. Volume 2944 (5837)
Previous day's open int. 3040 (—)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
Sept	124.35	125.25	124.10	124.50
Dec	125.15	—	—	125.30

Est. Volume 207 (207)
Previous day's open int. 1,582 (—)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Sept	0.4179	0.4181	0.4174	0.4209

Est. Volume 3 (8)
Previous day's open int. 473

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	76-03	76-04	75-25	76-14
Dec	75-01	75-03	74-24	75-12
March	74-00	74-01	73-25	74-12
June	73-04	73-06	72-30	73-15
Sept	72-08	72-08	72-04	72-20
Dec	71-16	71-16	71-11	71-27
March	70-23	70-23	70-21	71-03
June	70-00	70-00	70-00	70-12
Sept	—	—	—	—
Dec	—	—	—	69-04
March	—	—	—	68-18

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.73	92.80	92.67	92.82
Dec	92.42	92.49	92.36	92.53
March	92.07	92.08	92.03	92.18
June	91.74	91.74	91.71	91.85
Sept	91.45	91.45	91.44	91.55
Dec	91.19	91.22	91.19	91.28
March	90.98	—	90.98	91.05
June	90.77	—	90.77	90.83

CERT DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	92.00	92.07	91.94	92.12
Dec	91.58	91.58	91.57	91.70
March	91.15	—	91.15	91.27
June	90.76	—	90.76	90.88
Sept	—	—	—	—
Dec	—	—	—	—

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
Sept	91.70	91.75	91.64	91.80
Dec	91.27	91.32	91.22	91.38
March	90.84	90.86	90.82	90.95
June	90.44	90.49	90.44	90.56
Sept	90.10	90.11	90.09	90.21
Dec	89.79	89.80	89.77	89.89
March	89.50	89.50	89.50	89.59
June	89.28	—	89.28	89.31

STERLING (IMM) $s per £

	Latest	High	Low	Prev
Sept	1.3870	1.3920	1.3870	1.3930
Sept	1.3825	1.3865	1.3770	1.3860
Dec	1.3720	1.3750	1.3650	1.3760
March	1.3590	1.3630	1.3590	1.3690
June	1.3525	—	1.3525	1.3610
Sept	—	—	—	1.2505
Dec	—	—	—	—

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Sept	75-12	75-13	75-04	75-21
Dec	74-20	74-20	74-12	74-28
March	—	—	—	—
June	73-11	73-11	73-06	73-22
Sept	—	—	—	73-04
Dec	—	—	—	—
March	—	—	—	—
June	—	—	—	—

LIFFE OPTIONS REPORT

Sterling Currency—£25,000 c per £
Moderate volume traded against an uncertain cash market.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
200	1085	8229	5159

Eurodollar Future—points of 100%
Steady volume registered against a slightly easier deposit rate.

Est volume Calls	Est volume Puts	Previous day's open interest Calls	Previous day's open interest Puts
65	174	574	469

For full details of settlement prices call:
Louisa Powell at LIFFE on 01-623 0444
LIFFE, Royal Exchange, London EC3V 3PJ

Company Notices

NOTICE OF EARLY REDEMPTION

THE FUJI BANK LIMITED

US$25,000,000
FLOATING RATE CERTIFICATES OF DEPOSIT
Issued 9th September, 1983
Maturity 11th September, 1986
Callable 11th September, 1985

NOTICE IS HEREBY GIVEN in accordance with Clause 5 of the Certificates of Deposit ("Certificates") that pursuant to Clause 3 of the Certificates, The Fuji Bank, Limited will repay all of the outstanding Certificates on 11th September, 1985 at their principal amount.

Payment of the principal amount together with accrued interest will be made on the repayment date against presentation and surrender of the Certificates at the London Branch of The Fuji Bank, Limited, 25/31 Moorgate, London EC2R 6HQ.

Interest will cease to accrue on the Certificates on the repayment date.

FUJI INTERNATIONAL FINANCE LIMITED

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on July 22, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	9.98
Algeria	Dinar	6.96
Andorra	French Franc	12.2075
	Spanish Peseta	230.35
Angola	Kwanza	41.633
Antigua	E. Caribbean $	3.76
Argentina	Austral	1,1160(15)
Australia	Australian $	1.9715
Austria	Schilling	28.0650
Azores	Portuga'se Escudo	233.0
Bahamas	Ba. Dollar	1.3890
Bahrain	Dinar	0.305
Balearic Isles	Spa Peseta	230.35
Bangladesh	Taka	38.00
Barbados	Barbados $	2.80
Belgium	B. Franc	(cm) 80.50 (fn) 81.025
Belize	B $	2.79
Benin	C.F.A. Franc	610.375
Bermuda	Bda $	1.3890
Bhutan	Ngultrum	16.60
Bolivia	Bolivian Peso	(u)62,707.5g
Botswana	Pula	2.3850
Brazil	Cruzeiro‡‡	8,748.5
Brit. Virgin Isles	U.S. $	1.3890
Brunei	Brunei $	3.0770
Bulgaria	Lev	1.3166
Burkino Faso	C.F.A. Franc	610.375
Burma	Kyat	10.9200
Burundi	Burundi Franc	167.75
Cameroon	C.F.A. Franc	610.375
Canada	Canadian $	1.8757
Canary Islands	Spanish Peseta	230.35
Cape Verde Is	Cape V. Escudo	124.40
Cayman Islands	Cay. Is $	1.1635
Cent. Afr. Republic	C.F.A. Franc	610.375
Chad	C.F.A. Franc	610.375
Chile	Chilean Peso	216.42
China	Renminbi Yuan	4.0364
Columbia	Col. Peso	(F)194.72
Comoro Islands	C.F.A. Franc	610.375
Congo (Brazzaville)	C.F.A. Franc	610.375
Costa Rica	Colon	(U) 70.51
Cuba	Cuban Peso	1.30
Cyprus	Cyprus £	0.8150
Czechoslovakia	Koruna	(com) 8.50 n/c 14.81 15.74
Denmark	Danish Kroner	14.4375
Djibouti	Djibouti Franc	240.0
Dominica	E. Caribbean $	3.76
Dominican Repub.	Dominican Peso	(O) 1.3890 4.16
Ecuador	Sucre	(O) 93.28 (F) 154.98
Egypt	Egyptian £	1.1500(14) 1.6650 (8)
El Salvador	Colon	(O) 3.48 (F) 5.64
Equatorial Guinea	Ekuele	610.375
Ethiopia	Ethiopian Birr	2.8700
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Kroner	14.4375
Fiji Islands	Fiji $	1.5770
Finland	Markka	8.3615
France	French Franc	12.2075
French C'ty in Af.	C.F.A. Franc	610.375
French Guiana	Local Franc	12.2075
French Pacific Is.	C.F.P. Franc	215.0
Gabon	C.F.A. Franc	610.375
Gambia	Dalasi	5.00
Germany (East)	Ostmark	4.0250
Germany (West)	Deutsche Mark	4.0250
Ghana	Cedi	73.3679
Gibraltar	Gibraltar £	1.0
Greece	Drachma	182.17
Greenland	Danish Kroner	14.4375
Grenada	E. Caribbean $	3.76
Guadaloupe	Local Franc	12.2075
Guam	U.S. $	1.3890
Guatemala	Quetzal	1.3890
Guinea	Syli	33.40
Guinea-Bissau	Peso	205.29
Gupana	Guyanese $	5.8690
Haiti	Gourde	6.97
Honduras	Lempira	2.80
Hong Kong	H.K. $	10.8000
Hungary	Forint	69.7089
Iceland	I. Krona	57.209
India	Ind. Rupee	16.60
Indonesia	Rupiah	1,556.53
Iran	Rial	125.75(s.g.)
Iraq	Iraqi Dinar	0.4339
Irish Republic	Irish £	1.2804
Isreal	Shekel	2,046.0
Italy	Lira	2,700.0
Ivory Coast	C.F.A. Franc	610.375
Jamaica	Jamaica Dollar	7.5180 (s'6)
Japan	Yen	330.00
Jordan	Jordanian Dinar	0.54
Kampuchea	Riel	N/A
Kenya	Kenya Shilling	22.62
Kiribati	Australian $	1.9490
Korea (Nth)	Won	1.31
Korea (Sth)	Won	1,219.34
Kuwait	Kuwaiti Dinar	0.4235
Laos	New Kip	48.77
Lebanon	Lebanese £	21.93
Lesotho	Maluti	2.6700
Liberia	Liberian $	1.3890
Libya	Libyan Dinar	0.41
Liechtenstein	Swiss Franc	3.30
Luxembourg	Lux Franc	81.60
Macao	Pataca	11.19
Madeira	Portugese Escudo	235.0
Malagasy Republic	MG Franc	820.20
Malawi	Kwacha	2.30
Malaysia	Ringgit	3.4350
Maldive Islands	Rufiyaa	9.62
Mali Republic	C.F.A. Franc	610.375
Malta	Maltese £	0.6325
Martinique	Local Franc	12.2075
Mauritania	Ouguiya	93.59
Mauritius	M. Rupee	21.20
Mexico	Mexican Peso	(F)517.20 (C) 322.27
Miquelon	Local Franc	12.2075
Monaco	French Franc	12.2075
Mongolia	Tugrik	4.67
Montserrat	E. Caribbean $	3.76
Morocco	Dirham	13.50 (sg)
Mozambique	Metical	(A) 59.65
Namibia	S.A. Rand	2.6700
Nauru	Australian Dollar	1.9490
Nepal	Nepalese Rupee	25.50
Netherlands	Guilder	4.52
Netherland Antilles	Antillian Guilder	2.51
New Zealand	N.Z. Dollar	2.7460
Nicaragua	Cordoba	(O)38.92
Niger Republic	C.F.A. Franc	610.375
Nigeria	Naira	1.195048(sg)
Norway	Norwegian Krone	11.6575
Oman Sul'ate of	Rial Omani	0.4800
Pakistan	Pakistan Rpee	21.85
Panama	Balboa	1.3890
Papua N. Guinea	Kina	1.2525
Paraguay	Guarani	333.24 790.20 481.35
Peru	Sol	exe(A)18 492.0
Philippines	Philippine Peso	24.70
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.7460
Poland	Zloty	210.52
Portugal	PortugueseEscudo	235.5
Puerto Rico	U.S. $	1.3890
Qatar	Qatari Ryal	5.01
Reunion Island	French Franc	12.2075
Romania	Leu	(Cm) 6.00 (N/C) 15.77
Rwanda	Rwanda Franc	137.26
St. Christopher	E. Caribbean $	3.76
St. Helena	St. Helena £	1.0
St. Lucia	East Carribean $	3.76
St. Pierre	Local Franc	12.2075
St. Vincent	E. Caribbean $	3.76
Samoa American	U.S. $	1.3890
San Marino	Italian Lira	2,700
Sao Tome & Prin.	Dobra	61.22
Saudi Arabia	Saudi Ryal	5.0615
Senegal	C.F.A. Franc	610.375
Seychelles	S. Rupee	9.6015
Sierra Leone	Leone	(O) 7.55
Singapore	Singapore $	3.0770
Solomon Islands	Solomon Is. $	2.1160
Somali Republic	Somali Shilling	51.00
South Africa	Rand	2.665
Spain	Peseta	230.35
Spanish ports in North Africa	Peseta	230.35
Sri Lanka	S. L. Rupee	37.60
Sudan Republic	Sudan £ (u)	3.48
Surinam	S. Guilder	2.49
Swaziland	Lilangeni	2.6700
Sweden	S. Krona	11.6900
Switzerland	Swiss Franc	3.30
Syria	Syrian £	(A) (T) 9.0 (CM) 5.47
Taiwan	New Taiwan $	55.74
Tanzania	Tan. Shilling	23.55
Thailand	Baht	37.10
Togo Republic	C.F.A. Franc	610.375
Tonga Islands	Palanga	1.9490
Trinidad	Trinidad & Tob $	3.36
Tunisia	Tunisian Dinar	1.11 (sg)
Turkey	Turkish Lira	743.08
Turks & Caicos	U.S. $	1.3890
Tuvalu	Australian $	1.9490
Uganda	Uganda Shilling	780.0
United States	U.S. Dollar	1.3890
Uruguay	Uruguay Peso	156.35
Utd.Arab Emirates	U.A.E. Dirham	5.0920
U.S.S.R.	Rouble	1.1425
Vanuatu	Vatu	150.30
Vatican	Italian Lira	2,700
Venezuela	Bolivar	(4) 5.97 (5) 10.41 (6) 19.77
Vietnam	Dong	(O) 135.30
Virgin Island U.S.	U.S. Dollar	1.3890
Western Samoa	Samoan Tala	(A) 3.0750
Yemen (Nth)	Ryal	9.64
Yemen (Sth)	S. Yemen Dinar	0.48
Yugoslavia	New Y Dinar	381.6593
Zaire Republic	Zaire	52.9312
Zambia	Kwacha	3.05
Zimbabwe	Zimbabwe $	2.09

‡ Rate is the transfer market (controlled). ‡‡ Now one official rate. (1) Essential goods. (2) Preferential rate for priority imports such as foodstuffs. (4) Preferential rate for public sector debt and essential imports. (5) Preferential rate. (6) Free rate for luxury imports, remittances of money abroad and foreign travel. (7) Parallel rate. (8) Rate for remittances of foreign currency by Egyptians working abroad and tourists. (9) Banknote rates. (10) Rate for exports. (12) Rate for imports. (13) Essential imports. (14) Nearly all business transactions. (15) Argentina: June 15, new currency introduced: 1 austral=1,000 old pesos.
† Correction (July 8):—Papua New Guinea, 1.3478.

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1985 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99½	97¾	Treas 8½pcCnv '85	99½	—	8.79	12.42
101 11/16	99 3/16	Exch. 12¼pc 1985	100 1/16	–1/16	12.24	11.66
101 3/16	99 1/4	Exch. 11¾pc '86	100 3/16xd	–1/16	11.73	11.45
99½	97 1/16	Treas. 10pcCnv 1986	99⅛	–1/16	10.09	11.20
95¼	92¾	Treas 3pc 1986	95¼	+⅛	3.15	9.09
100	97 11/16	Exch. 10½pc Cv '86	99½	–1/16	10.55	11.06
101⅞	99¼	Treas 12pc 1986	100⅞	–⅛	11.90	10.87
98⅛	94¾	Treas 8¾pc 1984-86‡‡	97 1/2	–1/16	8.68	10.79
105 3/16	102 1/16	Exch 14pc 1986	103½	.....	13.53	10.88
93 3/16	87¼	Exch. 2½pc 1986	93 1/16	–1/16	2.68	7.97
104 3/16	101¼	Exch. 13¼pc 1987	103 1/16xd	–⅛	12.86	10.95
99½	96⅝	Treas 10¼pcCv '87	99½xd	–⅛	10.34	10.87
91 11/16	85½	Exch 2½pc 1987	91 7/16	–⅛	2.73	8.37
99⅝	96¾	Exch 10½pc 1987	99⅝	–1/16	10.57	10.86
93⅝	89	Funding 6½pc '85-87‡‡	93 3/16	+1/16	6.95	10.54
98 13/16	95½	Treas. 10pc 1987	98½	–1/16	10.15	10.87
90¾	84¼	Treas 3pc 1987	90 1/2	–1/16	3.33	8.49

Five to Fifteen Years

Over Fifteen Years

Undated

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هكذا من الأصل

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
48	28	Malnomet Hldgs 10p	37	−	—	—	—	—
328	202	Man. Ship Can. £1	305	−2	5.5	3.5	2.6	16.0
104	75	Marley	76	−1	3.75	2.2	7.0	9.2
107	52	Marling Ind. 10p	88	+1	103.0	♦	2.1	♦
74	36	Marshall L'ry. 'A'	61		2.4	4.9	5.6	4.4
77	61	Marshall's Universal	62	−2	2.0	1.4	4.7	(19.4)
86	78	Do. 7½pcCnRedPf £1	82		7½%	—	13.1	—
22	22	Martin-Black	22p		—	—	—	—
£97	£81	Mathesons 7¼%	£95		Q7¼%	2.3	18.5	—
35	26	Maxiprint 1p	30		—	—	—	—
477	375	Metal Box £1	435	−3	17.25	3.1	5.7	6.5
170	134	Metal Closures	135	+1	6.7	2.0	7.1	8.4
17	9	Metal Sciences 2½p	9		—	—	—	—
104	73	Midland Marts	80	−2	4.0	♦	7.1	♦

LEISURE—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
210	177	Gestrus T.V. NV 50p	185		10.5	2.3	8.1	7.7
52	18	Entertain Prod 5p	10		b2.25	2.1	17.9	(3.2)
78	50	Fairline Boats 10p	67		12.63	2.6	5.6	9.5
301	228	First Leisure £1	300	−1	16.5	2.8	3.1	13.9
69	51	GRA Group 5p	56½	−½	—	—	—	59.8
32	25	Grampian TV A 10p	25	−1	b1.67	♦	9.5	♦
145	117	HTV Non/Vtg.	137	+4	h7.0	2.9	7.3	6.2
148	100	Horizon	105		4.9	3.6	6.0	4.7
184	90	Insight	158		2.5	6.5	2.3	9.8
134	102	Intasun 10p	123		4.8	♦	5.7	♦
39	5	Intervsn Video 10p	6		—	—	—	—
232	173	Juliana's Hldgs. 2p	178	−2	2.0	1.8	1.4	29.3
268	217	LWT	258	+1	14.4	2.3	8.0	7.8
30	25	Leisure Inv. 10p	28	−1	—	—	—	—

PROPERTY—Continued

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
218	190	Hardanger Prop 10p	218	+2	9.8	2.3	6.7	7.7
510	446	Haslemere 10p	456		9.6	♦	3.1	♦
66	40½	HK Land	61½	+1	Q1c	18.6	0.2	35.2
295	223	Howe Prop London 50p	285		9.0	2.5	4.5	10.0
310	255	Imry Property	280		14.8	1.8	2.4	31.6
£10¼	669	Int Inc Prty $0.01	675	+6	Q88c	—	9.4	—
115	85	Jermyn Invest	105		1.63	3.5	2.2	16.6
310	262	Laing Properties	268	+2	6.25	2.4	3.3	14.4
£144½	£122½	Do 8½pcLn 2000-05	£124	+1	Q8½%	6.2	0.1	—
46½	35½	Land Investors	48		1.0	1.6	3.6	24.2
311	255	Land Securities £1	272	−1	8.15	1.4	4.3	23.5
410	315	Lend Lease 50c	360	+10	Q45%	1.9	3.2	16.3
286	188	Lond & Edinburgh 10p	266		6.25	2.9	3.4	12.2
325	253	Lon. Prov. Shp. 10p	302		14.6	2.3	2.2	(26.0)

INVESTMENT TRUSTS—Cont.

1985 High	Low	Stock	Price
148	111	Drayton Far East	120
55	39	Do Warrants '82-91	39
422	344	Drayton Japan	370
412	363	Drayton Premier	406
66	59	Dualvest Inc. 50p	59½
£11¼	£10	Do. Capital £1	£11
183	162	Dundee & London	164
117½	89	Edinburgh Am. Tst	97
51	37	Edinburgh Fin Tst	37
116	103	Edinburgh Inv	106
34	23	Edinburgh In Wrts	29
129	113	Electra Inv. Tst	127
292	254	Elect. & Gen	263
412	358	Energy Res. & Serv. $5	375

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Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

INSURANCES

LEISURE

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

1985 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
48	30	Anglo Utd. Dev.	33	+3	—	—	—
350	127	Centennial Minr'ls	127	−5	—	—	—
120	70	Colby Res Corp	75		—	—	—
550	450	Cons. Murch. 10c	475xd		Q100c	1.4	8.3
40	24	Ennex Int. Ir10p	25		—	—	—
215	125	Hampton Areas 10p	125		3.75	♦	4.1
260	135	Highwood Res	140		—	—	—
£22½	£17½	Homestake Mining $1	£18½		Q20c	—	7.9
310	190	McFinley Red Lake	215	+8	—	—	—
300	195	Mosto Explorations	240	+5	—	—	—
55	23	New Sabina Res C$1	45		—	—	—
375	245	Northgate C$1	275	+10	—	—	—
685	542	RTZ	543	−7	20.0	2.7	5.3
£145½	£118	Do. 9½pcLn '95-2000	£118	−1	Q9½%	14.0	18.1
£14½	£10	Tara Expln $1	£11¼	+¼	—	—	—

MINES

Central Rand

Eastern Rand

Far West Rand

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed, dealings permitted under Rule 535(4)(a).
- ✦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim, reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ß No par value

B.Fr. Belgian Francs. Fr. French Francs. ♦♦ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. *b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate* paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or −	Stock	Price	+ or −
Albany Inv 20p	96		Arnott	180	
Craig & Rose £1	700		CPI Hldgs	56	
Finlay Pkg. 5p	61		Carroll Inds.	137	+1
Higsons Brew	225		Dublin Gas	70	
Holt (Jos) 25p	725		Hall (R. & H.)	57	+1
IoM Stm. £1	85		Heiton Hldgs	19	
IRISH			Irish Ropes	48	+1
Fund 11¼% 1988	£101¼	+⅛	Jacob (W. & R.)	80	
Nat. 9¾% 84/89	£97¾xd	+¼	Unidare	87	
Fin. 13% 97/02	£109¼				

"Recent Issues" and "Rights" Page 20
(International Edition Page 18)

LONDON STOCK EXCHANGE

MARKET REPORT

Interest rates and oil price uncertainties stifle trade

SA-related stocks lead downturn

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
June 17	June 27	June 28	July 8
July 1	July 11	July 12	July 22
July 15	July 25	July 26	Aug 5

* "New-time" dealings may take place from 9.30 am two business days earlier.

Lack of investment incentive rather more than any real selling pressure lowered bond and share values yesterday. Only one area of London stock markets encountered pressure and that was the South African sector. Gold mining and industrial issues came on offer, along with UK groups *known to have SA interests, following* the declaration of a State of Emergency in that country.

Interest rate and oil price uncertainties were blamed for the UK equity's market's fresh reaction. Sentiment initially benefited from Wall Street's renewed strength on Friday but the effects were soon countered by rising UK money market rates. The development pushed hopes for an early cut in bank base lending rates further into the background. Sterling recovered from early dullness against the dollar, moving up from a day's low of $1.3780 to close at $1.3890.

Press suggestions that dollar and D-mark influences had adversely affected ICI earnings—the group is due to announce the interim results on Thursday — unsettled many international stocks. Other leaders moved down in sympathy and the FT-SE 100-share index, after starting the session marginally higher, ended a net 11.4 down at 1,241.1. The FT Ordinary share index closed 10.1 lower at 925.3, after 924.5.

Heavyweight South African Gold mining issues sustained widespread *falls, which ranged* to over four points in the case of **Randfontein**, at 71¾. Mining Finance houses were steadier with the exception of **Cons. Gold Fields**, down 23 at 492p, but banking group **Standard Chartered** weakened noticeably and the UK clearer, **Barclays Bank**, which has interests in South Africa, also fell sharply.

The dollar's revived firmness discouraged overseas investment in Gilt-edged securities. Reports on the current OPEC deliberations in Geneva were of no help to a market also reflecting increasing expectations that international interest rates will not fall further. A rally was attempted and after some hesitation prices closed a shade above the session's lowest. Longer-dated stocks settled ¾ off and the shorts were around ¼ easier.

Barclays fall

Concern about the civil unrest in South Africa and the effect of the deteriorating situation there on their interests in the area depressed **Barclays**, which fell 19 to 383p, after 378p; **Standard Chartered** dropped 22 to 473p for the same reason. NatWest, meanwhile, scheduled to start the clearing bank interim dividend season next Tuesday, declined 10 to 680p, after 673p. Lloyds *lost 10 at 395p, after 390p, and* **Midland** 5 at 385p. Elsewhere, **J. Rothschild** hardened a couple of pence to 100p, after 101p, on Press speculation that Hanson Trust had acquired a 4 per cent stake in the company.

Minet continued firmly among Lloyds Brokers, rising 10 to 197p, after 203p, following revived speculative support.

Continued *profit-taking* in the absence of buying interest left the majority of Building issues with further losses, but once again price falls were generally confined to single figures. **Taylor Woodrow** slipped 7 to 445p and **George Wimpey** gave up 4 at 128p, while **AMEC** shed 6 to 267p. **Alfred McAlpine** came off 12 to 280p, and takeover favourite **French Kier** lost 3 to 188p. Elsewhere, **Milbury** slumped 24 to 50p, after 40p, on rumours that the company was experiencing financial difficulties relating to its property division. **Wiggins**, in which a stake reportedly changed hands last week, lost 3 to 34p, but **A. Monk** hardened a penny to 115p on news that Prudential Corporation had increased its holding to 7.04 per cent. *Manders rose 3 to 181p on* the announcement that it had agreed to acquire Prudential Corporation's leasehold interests in the Mander Centre, Wolverhampton, for £12m.

A Press suggestion that second-quarter profits will fail to match expectations because of currency factors unsettled **ICI** which dipped to 682p prior to closing a *net 5 off at 687p. Among other* Chemicals, **Laporte** fell 8 to 290p on lack of support, while **Allied Colloids** remained on offer and shed 5 more to 128p. "Take profits" advice clipped a couple of pence from **Stewart Plastics**, at 114p.

Stores passed an uneventful session and drifted gently easier in line with other equity sectors. *Marks and Spencer were finally* 3 cheaper at 143p, after 142p, **Woolworth** 5 off at 420p and **Harris Queensway** 6 down at 240p. **Gussies A**, still reflecting cautious comment on the annual figures, gave up 6 more to 768p, while **Dixons** softened 4 to 730p. On the takeover front, **Burton** finished 2 off at 448p, while bid target **Debenhams** fluctuated *narrowly prior to closing* unchanged at 313p; House of Fraser has increased its stake in Debenhams to 11.13 per cent. Elsewhere, **Raybeck** came on offer and shed 1½ to 30p while **Casket** lost 3 to 35p. A withdrawal of speculative support left **Tern Group** 4 down at 52p.

AB Electronic up

AB Electronics provided a late firm feature in Electricals, rising 28 to 260p on consideration of the profits forecast which accompanied details of the company's participation in Acorn Computer's refinancing package. Publicity given to a broker's circular lifted **Domino Printing** 5 to 270p, while **Northamber** gained 7 to 137p in response to the bumper annual results. Computer stocks fell further, still reflecting **Microvitec's** warning of sharply reduced interim profits. **Microvitec** followed Friday's reaction of 17 with a fresh decline of 3 to 40p, while **CPS Computer** cheapened 4 to 48p and **CASE** lost 6 to 202p. **MK** gave up 8 to 25p ahead of today's annual meeting. The leaders drifted down on the absence of support. **Plessey** relinquished 6 to 140p, as did **Racal** to 136p. **GEC** softened 4 at 168p, while **Ferranti** dropped 8 to 122p and **STC** eased a couple of pence more to 96p.

TI continued to dominate proceedings in the Engineering sector as the shares — up 56 last week—jumped 22 more to a 1985 peak *of 326p following* widespread Press comment on Evered's acquisition of an 11.6 per cent stake in the company. **H. C. Slingsby** advanced 10 to 165p, after 170p, on reports of a bid approach worth 220p per share, while **Thomas Locker** improved 1½ to 25p in reply to an investment recommendation. **Belgrave**, however, fell 12 to 98p in reaction to an adverse newspaper mention. **Davy Corporation** lost 5 to 100p and **Carclo** fell 8 to 257p, while **Vosper** dipped 10 to 145p. **GKN**, at 211p, and **Vickers**, at 250p, gave up 3 apiece among quietly dull leaders.

The Food sector displayed few significant movements, but **Hillards** were an exception and gained 7 to 345p in reply to the good annual results and 100 per cent scrip issue. **Tesco** hardened 3 to 248p, but **Associated Dairies**, 136p, and **Dee Corporation**, 245p, both slipped a couple of pence.

Boots lower

Boots fell 10 to 184p following news of the company's legal setback in its U.S. marketing plans for Ibuprofen, the anti-arthritis drug. Other miscellaneous industrial leaders displayed no set pattern. **Pilkington** gave up 8 at 270p and **BTR** cheapened 4 to 316p, but **Beecham** hardened a couple of pence to 315p following press comment. Elsewhere, **Bowater** featured with a speculative gain of 21 to 280p: the rise was acompanied by vague rumours of a bid from Hanson *Trust. Wolverhampton Steam* **Laundry** rose 8 to 55p on expansion hopes and **Gestetner** rallied 2 to 105p with the help of press comment. Renewed demand in the wake of the chairman's resignation and settlement of the U.S. dispute involving its painting sale operations left **Christies International** a further 10 dearer at 238p, after 243p. **British Aerospace** *lost 4 to 313p* on a report that the European fighter aircraft project, in which its has a 25 per cent interest, may be in jeopardy.

TV shares moved against the general trend following a bear squeeze. **HTV N-V** improved 4 to 137p and **Ulster** firmed 5 to 92p, while **LWT A** hardened a penny to 258p. Elsewhere in the Leisure sector, **Spectrum**, which halved in price to 10p on Friday, perked up 5 to 15p on the reappearance of buyers.

Jaguar initially fell to 245p, but subsequently picked up on arbitrage buying to close 8 higher on balance at 253p.

The declaration of a state of emergency in South Africa unsettled South African industrial issues. **Barlow Rand** fell 30 to 450p, **OK Bazaars** lost 25 to 550p and **South African Breweries** shed 12 to 320p.

Textile falls were generally modest, but **Allied Textile** encountered nervous offerings in front of tomorrow's half-timer and closed 20 down at 350p.

The opening of the Opec meeting in Geneva prompted dealers to mark down the leading oils. Little selling ensued, however, reflecting the absence of any significant news from Geneva, and the majority of issues rallied to close little changed on balance. **BP** settled a shade easier at 513p, after 510p, while **Shell** ended the day 3 up at 685p, after 678p. **Britoil** dipped to 200p early on, but subsequently rallied to close unchanged at 203p. Vague bid rumours boosted **Ultramar** to 207p before a closing level of 205p, a net gain of 5. *Burmah Oil* were an active market and fluctuated between 279p and 285p prior to settling unaltered at 279. **Falcon Resources** featured secondary issues and slumped to a year's low of 38p in the absence of support before rallying late to close only 4 cheaper on balance at 48p. **ERIC** dropped 15 to 150p, **Caledonian Offshore** 20 to 430p and *New London Oil 10 to 102p*. **Jackson Exploration**, a weak market recently, edged up 3 to 23p.

Plantations moved higher reflecting the Far-Eastern trend following the Malaysian Government's moves to improve the local investment climate. **Kuala Kepong** were outstanding at 81p, up 6, while **Highlands** added 3 to 77p and **Consolidated Plantations** 2 at 82p.

Golds lose ground

The South African Government's weekend proclamation of a state of emergency in 36 areas —including the major gold mining centres—and the prospect of a strike of black mine workers *throughout the gold fields* produced a flurry of selling in South African mining markets at the outset of trading.

The selling pressure continued throughout the morning but abated in the early afternoon when Johannesburg operators were reported as substantial buyers of many leading issues. U.S. traders also came in as *buyers after hours and initial* losses in Golds were much reduced. Bullion failed to respond to worries over the possibility of a strike by black miners and eased 50 cents to $318.25 an ounce. The Gold Mines index dropped 19.7 to 385.2, its lowest level since November 16 1982.

Among the leading Golds **Randfontein** were particularly vulnerable and settled £4¼ off at £71¾, while **Vaal Reefs** gave up £2½ to £62½ and **Southvaal** £2 to £28¾. Falls in excess of a point were common to **Buffels**, £24¾, **Winkelhaak**, £19⅞ and **President Steyn** £17½.

Platinums and Financials were also under pressure following the situation in South Africa. **Rustenburg**, a firm market in recent weeks, dropped 46 to 624p and **Impala** retreated 44 to 706p while **Lydenburg** fell away to close 34 off at 484p. Diamond producer **De Beers** settled 10 down at 385p. In South African Financials "**Amcoal**" lost ½ at £20½, while falls of ¼ were seen in **Gencor**, £11¼, and **Gold Fields of South Africa**, £12.

Consolidated Gold Fields mirrored the market weakness in Golds and retreated sharply to close 23 down at 492p. **Rio Tinto-Zinc**, which has major copper and uranium interests in Southern Africa, dipped 7 to a 1985 low of 543p.

Australian Golds were major beneficiaries of the wholesale selling of South Africans. **Gold Mines of Kalgoorlie** picked up strongly and recorded a 22 gain at 477p while **Central Norseman Gold** added a like amount at 423p and **Poseidon** 7 at 183p. Leading diversified mining groups also attracted good support with **CRA** finally 10 to the good at 310p. **Western Mining** up 7 at 208p and *MIM Holdings* and **North Broken Hill** 6 better apiece at 150p and 119 respectively.

Malaysia's **Kinta Kelals Tin** returned from suspension at £17½. Other tin shares were boosted by far eastern support with **Tronoh** prominent and finally 10 firmer at 200p and **Gopeng** 7 up at 102p.

Subdued conditions in Traded Options saw only 6,804 contracts completed, comprising 3,731 calls and 3,073 puts. **British Telecom** were fairly active, recording 911 calls and 173 puts.

FINANCIAL TIMES STOCK INDICES

	July 22	July 19	July 18	July 17	July 16	July 15	year ago
Government Secs	82.96	83.08	83.39	83.56	83.18	83.12	75.96
Fixed Interest	88.14	88.15	88.26	88.00	87.66	87.50	80.87
Ordinary ♥	925.3	935.4	952.8	933.6	928.7	937.2	755.3
Gold Mines	385.2	404.9	407.2	410.6	399.0	399.6	490.3
Ord. Div. Yield	5.01	4.97	4.99	4.99	5.00	4.96	5.29
Earnings, Yld.% (full)	12.51	12.40	12.45	12.45	12.47	12.38	12.20
P/E Ratio (net) (*)	9.76	9.85	9.81	9.81	9.79	9.87	9.84
Total bargains (Est.)	19,358	19,850	19,753	19,600	19,980	20,495	16,948
Equity turnover £m.	—	300.67	414.0	468.8	371.4	273.2	251.25
Equity bargains	—	14,932	16,505	15,732	15,141	16,386	13,045
Shares traded (ml)	—	169.5	205.6	209.6	173.1	149.9	216.5

♥ 10 am 929.9, 11 am 926.3, Noon 924.7, 1 pm 924 7
2 pm 924.5, 3 pm 924.9 3 pm 925.2.
Day's High 935.4. Day's Low 924.0.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35.
Gold Mines 12/9/55. SE Activity 1974.
Latest Index 01-246 8026.
* Nil = 9.43.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.56 (17/7)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	88.26 (18/7)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	923.1 (10/7)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	536.9 (15/4)	385.2 (22/7)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	July 19	July 18
Daily		
Gilt Edged Bargains	134.7	177.4
Equities Bargains	96.7	105.9
Value	607.7	836.8
5 day Average		
Gilt Edged Bargains	169.4	174.3
Equities Bargains	102.0	109.2
Value	739.0	750.8

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	85	20
Corpns. Dom. & Foreign Bonds	5	21	52
Industrials	219	363	887
Financial & Props.	107	86	363
Oils	18	42	68
Plantations	4	4	10
Mines	33	64	82
Others	102	59	78
Totals	491	724	1,560

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
Anglo United Dev.	33	+ 3
Barclays	383	−19
Bowater Industries	280	+21
Cadbury Schweppes	148	—
Dee Corporation	245	− 2
Falcon Res.	48	− 4
Jaguar	253	+ 8
Minet Holdings	197	+10
NatWest. Bank	680	−10
Shell Transport	685	+ 3
TI	326	+22
Ultramar	205	+ 5

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (15)

LOANS (1) Met Wtr 3pc 'B'
AMERICANS (1) City Fed Fin
BANKS (1) Algemene Bk Ned
BUILDINGS (1) Newarthill
CHEMICALS (1) Morceau
ENGINEERING (1) TI
FOODS (2) Cullen's Hldgs, FII
INDUSTRIALS (2) Ozalid 9pc Cnv 1987.92, Scottish Heritable Trust
PAPER (1) Wace
PROPERTY (1) Tops Estates
TEXTILES (1) Early's of Witney
TRUSTS (1) Scottish Northern
OILS (1) Inter Energy

NEW LOWS (110)

INT. BANK & O'SEAS GOVT STLG ISSUES (1)
AMERICANS (3)
BANKS (1)
BUILDINGS (4)
CHEMICALS (5)
STORES (1)
ELECTRICALS (7)
ENGINEERING (9)
HOTELS (2)
INDUSTRIALS (23)
LEISURE (2)
MOTORS (2)
PAPER (1)
TEXTILES (5)
TRUSTS (5)
OILS (16)
PLANTATIONS (1)
MINES (22)

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Mon July 22 1985 (Index No., Day's Change %, Est. Earnings Yield % (Max.), Gross Div. Yield % (ACT at 30%), Est. P/E Ratio (Net), xd adj. 1985 to date) — Fri July 19, Thurs July 18, Wed July 17, Year ago (approx.) Index No.

Figures in parentheses show number of stocks per section

[illegible]

FIXED INTEREST

PRICE INDICES — British Government; Debentures & Loans; Preferences — Mon July 22, Day's change %, Fri July 19, xd adj. today, xd adj. 1985 to date

AVERAGE GROSS REDEMPTION YIELDS — Mon July 22, Fri July 19, Year ago (approx.)

BRITISH GOVERNMENT INDEX—LINKED STOCKS

[illegible]

†Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$320	18	6.50	200	17.50	—	—	$318
GOLD C	$340	27	1.50	5	8	9	14.50	"
GOLD C	$350	—	—	5	3.50	—	—	"
GOLD P	$300	—	—	25	6	—	—	"
GOLD P	$320	10	6.80	—	—	—	—	"

[illegible]

TOTAL VOLUME IN CONTRACTS: 27,142

A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renunc. date	1985 High	1985 Low	Stock	Closing price p	+ or −
285	F.P.	9/8	315	297½	Mills & Allen	[illegible]	[illegible]
77	Nil	28/8	½pm	½pm	New Cavendish	[illegible]	[illegible]
190	Nil	30/8	8pm	3pm	Prestwich	[illegible]	[illegible]
180	F.P.	—	197½	177	Sunlight Service 10p	177	−1
600	F.P.	20/8	700	645	Union Discount £1	680	+5
A$1.25	Nil	—	5pm	3pm	♥Woodside Ppt. A$0.50	3pm	−1

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮ Allotment letters or fully paid. ‖‖ Introduction. ✱ Unlisted Securities Market. ‡ Placing price. ‡‡ Dealt in under Rule 535 (3). ♥ Dealt in under Rule 535 (4) (a).

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 8	July 19	Oct 10	Oct 21
July 22	Aug 2	Oct 24	Nov 4
Aug 5	Aug 16	Nov 7	Nov 18

For rate indications see end of Share Information Service

Calls were struck in Coats Patons, Johnson & Firth Brown, Neepsend, Kia Ora Gold, MK Electric, Boots, Energy Capital, Falcon Resources, H. C. Slingsby, Gestetner, Brunswick Oil, West Coast, Greene King and Woolworths. Puts were arranged in Milbury, Polly Peck and BPB Industries, while a double was transacted in Kia Ora Gold.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
GUS "A"	15	774	− 9
Beecham	12	313	+ 7
TI	12	304	+ 8
Chloride 7½pcPf.	11	168	− 7
ICI	11	694	+ 4
Imperial Group	11	168	—
Allied-Lyons	10	227	− 1
Extel	10	333	−15
Falcon Res.	10	52	− 5
Mks. & Spncr.	10	146	+ 4
NatWest Bank	10	690	+ 8
RTZ	10	550	—
Plessey	9	146	+ 4
Thorn EMI	9	322	—

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*513)	460	65	70	—	1	8	—
	500	15	34	47	3½	21	27
	550	1	14	27	40	60	58
	600	1½	7	16	90	93	98
Cons. Gold (*491)	460	36	50	—	1½	[illegible]	[illegible]
	500	4	30	40	15	[illegible]	[illegible]
	550	0¾	17	25	65	[illegible]	[illegible]
	600	0¼	6	11	115	[illegible]	[illegible]

[illegible]

Option		Calls Aug.	Calls Nov.	Calls Feb.	Puts Aug.	Puts Nov.	Puts Feb.
Lonrho (*167)	140	28	—	—	1½	—	—
	160	8	14	19	3½	6½	8½
	180	1	6	10	18	21	23
P. & O. (*356)	330	35	45	55	3	8	12
	360	11	25	33	12	20	25

[illegible]

July 22 Total Contracts 6,804. Calls 3,731. Puts 3,073
* Underlying security price

WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FRANCE | GERMANY | ITALY | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | AUSTRALIA (continued) | HONG KONG | JAPAN (continued) | SINGAPORE | SOUTH AFRICA

NOTES—Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

Prices at 2.30pm July 22

MONTREAL

Closing prices July 19

Total Sales 2,306,080 shares

Indices

NEW YORK—DOW JONES

STANDARD AND POORS

N.Y.S.E. ALL COMMON

RISES AND FALLS

TORONTO

MONTREAL Portfolio

	July 22	July 19	July 18	July 17	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	928.5	920.2	922.3	912 8	928.2 (22/7)	715 3 (7/1)
Metals & Mins. (1/1/80)	536.4	525.8	527.3	515.3	583 8 (20/5)	382.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	99.83	99.25	87.73	86.27	105.73 (17/6)	85 21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	closed	2311.42	2302.81	2294.87	2302.81 (18/7)	2090.7 (18/1)
DENMARK						
Copenhagen SE (3/1/83)	209.77	208.78	210.57	211.38	211 59 (11/7)	158 44 (8/1)
FRANCE						
CAC General (31/12/82)	n/a	217.9	218.3	219.8	233.1 (31/5)	180 9 (3/1)
Ind Tendance (28/12/84)	125.0	124.8	125.70	125.8	130.4 (31/5)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	481.44	480.57	478.41	469.46	502.62 (5/7)	382.39 (3/1)
Commerzbank (1/12/53)	1418.3	1412.1	1388 6	1377.0	1486.2 (5/7)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1689.85	1687.87	1672.04	1647.90	1689.85 (22/7)	1220.74 (2/1)
ITALY						
Banca Comm. Ital. (1972)	358.75	358.38	n/a	351.84	358.75 (22/7)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	12771.68	12788.54	12852.54	12846.49	13040.10 (8/7)	11545.2 (5/1)
Tokyo SE New (4/1/68)	1042.40	1042.05	1048.80	1043.10	1055.81 (9/7)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	219.2	218.2	218.1	215.1	220.9 (8/7)	185.6 (3/1)
ANP-CBS Indust (1970)	186.8	186.2	185.8	182.8	186.8 (22/7)	147.9 (3/1)
NORWAY						
Oslo SE (4/1/83)	346.53	340.03	337.81	337.00	346.53 (22/7)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	769.23	755.87	738.26	727.55	852.85 (7/3)	717.95 (15/7)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	987.3	878.9	985.1	1140.8 (15/4)	836.1 (11/2)
JSE Indust (28/9/78)	—	1028.4	1034.8	1036.5	1036.8 (17/7)	787.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	109.48	109.68	109.89	110.39	117.41 (4/2)	101.48 (2/1)
SWEDEN						
Jacobson & P (11/58)	1347.15	1330.7	1325.30	1307.74	1488.98 (11/2)	1285.32 (9/7)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	460.7	459.7	457.2	454.5	469.1 (8/7)	388.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	223.2	223.4	224.3	224.3 (17/7)	184.6 (4/1)

* Indicates pre-close figure ** Saturday July 20 Japan Nikkei Dow 12797.68 TSE 1042.05 Base values of all indices are 100 except Australia All Ordinary and Metals – 500 NYSE All Common – 50 Standard and Poors – 101 and Toronto Composite and Metals – 1000 Toronto indices based 1975 and Montreal Portfolio 4/1/83 † Excluding bonds ‡ 400 industrials § 400 Industrials plus 40 Utilities Financials and 20 Transports c Closed u. Unavailable

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Continued from Page 35

NYSE COMPOSITE PRICES

Continued from Page 35

LONDON Chief price changes (in pence unless otherwise indicated)

RISES					
AB Elec	260	+28	Barclays	383	−19
Bowater Ind	280	+21	Barlow Rand	450	−30
Christies Int	238	+10	Belgrave	98	−12
Hillards	345	+ 7	Boots	184	−10
Jaguar	253	+ 8	Consgold	492	−23
Minet Hldgs	197	+10	Dowty	164	− 6
Northamber	137	+ 7	Falcon Res	48	− 4
Slingsby (HC)	165	+10	Ferranti	122	− 8
Spectrum	15	+ 5	McAlpine (A)	280	−12
TI	326	+22	Milbury	50	−24
Wolvsteam Ldry	55	+ 8	New London Oil	102	−10
			Pentland Ind	245	−15
			Plessey	140	− 6
FALLS			Racal Elec	136	− 6
Exch 11% 1990	£100¾	− ¼	*Randfontein Est*	£71⅞	−4⅛
Conv 9½%2004	£95¼	− ⅜	Standard Chart	473	−22

Closing prices, July 22

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16	AAR	.48	2.1	17	143	22⅝	22	22⅜	−¼
17⅜	9⅝	AGS			14	20	16⅞	16⅝	16⅞	+⅜
16½	9⅝	AMCA				4	12¼	12¼	12¼	
21½	13	AMF	.50	3.7	41	134	13⅝	13½	13½	
13⅝	12⅞	AMF wd				157	13½	13⅜	13⅜	
50¾	24¼	AMR			8	3820	48⅞	47¾	48¾	+1
14¼	7⅝	APL				114	9⅝	9	9	−½
61⅛	44⅝	ASA		24	0	451	50⅝	49⅝	50⅛	+½
27	12½	AVX	.32	2.3	11	35	13¾	13⅝	13⅝	−⅛
28⅛	16	AZP	2.72	10.	8	930	26¾	25¼	26¼	−½
60	36¾	AbtLab 1.40		2.4	17	529	59¾	59½	59½	−⅛
25⅞	19	AccoWd .50		2.2	17	168	22⅞	22½	22½	−¼
24⅝	12½	AcmeC .40		2.4		68	16⅞	16½	16½	−½
10½	7⅜	AcmeE .32b		4.1	10	68	7¾	7½	7¾	+¼
18¾	16	AdaEx 1.92e		10.		114	18¾	18⅝	18¾	
20	11⅞	AdmMl .32		1.8	7	16	17½	17⅜	17½	−⅛
19½	8⅝	AdvSys .53t		4.4	19	64	12	11¾	12	+⅛
41⅛	22⅛	AMD			13	4062	29½	29	29¼	−½
12¾	6⅞	Advest .12		1.2	22	109	10⅛	9¾	10	
15⅞	9	Aeriflex			14	58	15½	15	15¼	+⅛
49⅝	27¼	AetnLf 2.64		5.5	35	1315	47⅞	47½	47¾	−¼
37⅜	18¼	Ahmns 1.20		3.9	12	1793	31½	29½	30¾	−⅞
3⅜	2½	Aileen				3	2¾	2¾	2¾	
56¾	39⅛	AirPrd 1.20		2.2	12	527	55¾	55¼	55¾	+½
24⅝	13	AirbFrt .60		2.9	12	30	21½	20⅞	20⅞	−⅝
[illegible]										

Continued on Page 35

NYSE COMPOSITE PRICES

Continued from Page 34

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begins with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

Continued on Page 33

AMEX COMPOSITE PRICES

Closing prices, July 22

OVER-THE-COUNTER

Nasdaq national market, 2pm prices

Continued on Page 33

FINANCIAL TIMES
WORLD STOCK MARKETS

WALL STREET

Absence of lead is apparent

WITH their hopes of an early easing in Federal Reserve credit policies discouraged by the tone of the mid-year report to Congress by Mr Paul Volcker, the Fed chairman, investors kept their heads down yesterday, *writes Terry Byland in New York.*

Bond prices tumbled by three quarters of a point in early trading, when a federal funds rate of 8⅛ per cent seemed to put another nail in the coffin of lower rate hopes. Intervention by the Fed, with $1.5bn in customer repurchases when funds were at 8 per cent, failed to check the rise in rates.

In the stock market, the flow of corporate results slackened temporarily, and prices slid lower in moderate trading.

At the close the Dow Jones industrial average was down 1.90 at 1,357.64.

Price falls were small, but the market lacked its recent lead from the technology, and cyclical stock sectors. The stock market appeared tired after its 20 point rise last week. By mid-session, the weakness in bonds was taking its toll of stocks.

Wall Street still has to face second-quarter trading results from most of the important sectors of U.S. industry. Results to date have confirmed that the economy suffered a modest slowdown in the second three months of fiscal 1985.

The recent firmness of the metal industry stocks melted away behind a dip of $¾ to $26¼ in Alcan Aluminium on news of a loss for the quarter caused by the costs of the workforce restructuring plan.

The oil industry reporting season opened beneath the shadow of the meeting of Opec ministers. Ashland Oil was $¼ off at $35⅞ and Occidental $⅝ off at $31½, both after disclosing higher earnings. While good profits statements are expected this week from the other oil majors, the slide in world oil prices has undermined stock prices.

Armco Steel, $¼ up at $10¾, turned in a profit of $18.5m for the quarter, but steel stocks made no move to extend last week's gains. Wheeling-Pittsburgh, facing a workforce strike with serious implications for the company and the industry, shed $¼ to $8½.

At $128¾, IBM gave up $½ in reduced trading. The rest of the computer sector also eased as the market absorbed last week's confirmation of lower industry profits. AT&T believed to be on the verge of disclosing a transatlantic venture, rallied from recent weakness, adding $¼ to $48½. Northern Telecom, manufacturer of telecommunications equipment, eased $⅛ to $38⅞ after results.

In chemicals, Monsanto eased $⅝ to $52, with the modest gain in profits overshadowed on Wall Street by last week's plan to acquire G. D. Searle. Union Carbide's profits statement is measured against the implications of the Bhopal disaster, but the stock edged up $¼ to $48½.

Pharmaceuticals, still unsure about the outlook for the dollar, showed irregular changes. SmithKline Beckman, $⅝ down at $71⅛, and Schering-Plough, $⅞ off at $51¼, reported lacklustre profits growth. Bell & Howell, at $35⅛, made no response to results.

Other stocks responding to profits statements included Kimberley-Clark, $¾ up at $59¼. Becton Dickinson, $¼ up at $56⅞, Warner Communications, $⅛ better at $30½, 3M, $⅛ off at $80½. Pennwalt, $½ down at $40, Ryder System, $¼ off at $30¼, and Singer, $¾ off at $39⅝.

Stock in Crown Zellerbach eased $⅞ to $40⅝ in light selling with the board, after announcing lower profits, meeting to discuss the increase in Sir James Goldsmith's stake to more than 50 per cent of the equity.

A new speculative situation reared its head when Mr Ivan Boesky disclosed that his group had taken a 9.6 per cent stake in Rorer Communications.

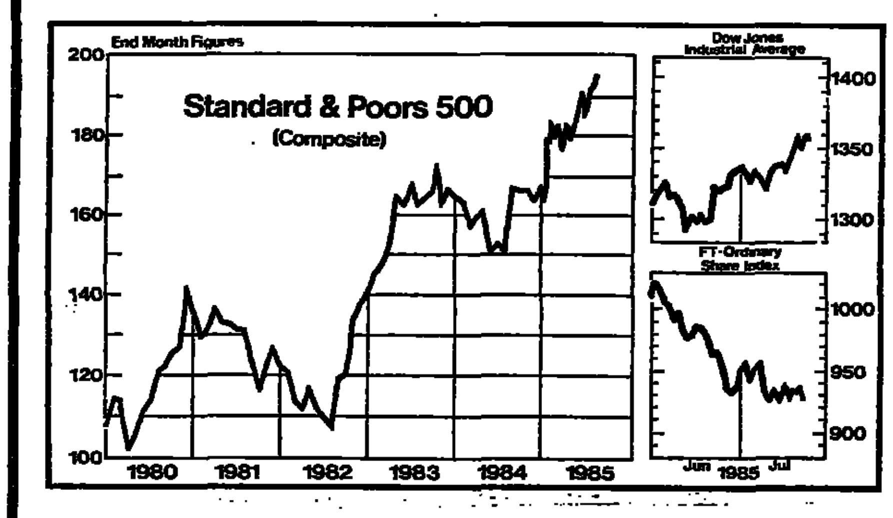
The financial stock sector ran into some selling as the excellent, but expected, results from the major banks were absorbed by the markets. Bankers Trust at $69½ fell $1⅛, and BankAmerica at $16⅞ gave up $⅝.

Meanwhile, in the housing finance area, A. H. Ahmanson shed $⅞ to $30¾ despite higher earnings, and Financial Corporation of America, one of the largest thrifts in the U.S. but still reeling from its brush with disaster, dipped $¼ to $7 after disclosing reduced losses.

In the credit market, Treasury bill rates rose sharply ahead of the auction tomorrow of $9.25bn in two-year notes, which is in addition to the normal weekly sale of short-term bills by the Treasury. Three month Treasury bills added 15 basis points yesterday.

Trading was thin in the bond market, but the first half of the session passed without any recovery in prices.

KEY MARKET MONITORS



STOCK MARKET INDICES

	July 22	Previous	Year ago
NEW YORK			
DJ Industrials	1,357.64	1,359.54	1,101.37
DJ Transport	700.14*	700.73	451.75
DJ Utilities	164.14*	166.24	123.70
S&P Composite	193.66*	195.13	149.55
LONDON			
FT Ord	925.3	935.4	755.3
FT-SE 100	1,241.1	1,252.5	1,009.8
FT-A All-share	599.12	603.26	465.83
FT-A 500	652.03	656.36	501.28
FT Gold mines	385.2	404.9	490.3
FT-A Long gilt	10.24	10.21	11.28
TOKYO			
Nikkei-Dow	12,771.66	12,797.66	9,945.3
Tokyo SE	1,042.40	1,042.05	763.18
AUSTRALIA			
All Ord.	926.5	920.2	680.9
Metals & Mins.	536.4	525.8	415.2
AUSTRIA			
Credit Aktien	99.93	99.25	53.52
BELGIUM			
Belgian SE	closed	2,311.42	—
CANADA			
Toronto			
Metals & Minls	2,001.3*	2,026.1	1,696.0
Composite	2,789.3*	2,804.1	2,119.6
Montreal			
Portfolio	138.31*	139.33	102.49
DENMARK			
SE	209.77	209.76	186.25
FRANCE			
CAC Gen	n/a	217.9	159.0
Ind. Tendance	125.0	124.8	84.3
WEST GERMANY			
FAZ-Aktien	481.44	480.57	324.1
Commerzbank	1,416.3	1,412.1	932.6
HONG KONG			
Hang Seng	1,689.85	1,678.87	801.1
ITALY			
Banca Comm.	358.75	356.38	208.19
NETHERLANDS			
ANP-CBS Gen	219.2	218.2	150.8
ANP-CBS Ind	186.8	186.2	122.3
NORWAY			
Oslo SE	346.53	340.03	244.14
SINGAPORE			
Straits Times	769.23	755.87	873.77
SOUTH AFRICA	July 22	Prev	Yr ago
JSE Golds	–	967.3	832.6
JSE Industrials	–	1,028.4	858.8
SPAIN			
Madrid SE	109.48	108.68	90.79
SWEDEN			
J & P	1,347.15	1,330.7	1,489.47
SWITZERLAND			
Swiss Bank Ind	460.7	459.7	360.5
WORLD	July 19	Prev	Year ago
Capital Int'l	223.2	223.4	168.3

GOLD (per ounce)

	July 22	Prev
London	$318.25	$318.75
Zürich	$317.45	$319.25
Paris (fixing)	$318.18	$319.58
Luxembourg	$317.30	$319.25
New York (Aug)	$322.30	$318.80

* *Latest available figure*

CURRENCIES

(London)	U.S. DOLLAR July 22	U.S. DOLLAR Previous	STERLING July 22	STERLING Previous
$	–	–	1.389	1.399
DM	2.898	2.8865	4.025	4.04
Yen	240.05	238.6	335.5	333.5
FFr	8.7975	8.775	12.2075	12.275
SwFr	2.3785	2.3775	3.3	3.32
Guilder	3.2555	3.2495	4.52	4.5375
Lira	1,944.5	–	2,700.0	–
BFr	58.1	3.2495	81.65	81.25
C$	1.4	1.3435	1.8757	1.885

INTEREST RATES

	July 22	Prev
Euro-currencies (3-month offered rate)		
£	12	11 15/16
SwFr	5¼	5⅛
DM	5 3/16	5⅛
FFr	10 9/16	10⅝
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¼	8⅛
6-month U.S.$	8⅜	8 5/16
U.S. Fed Funds	8*	7¾
U.S. 3-month CDs	7.80*	7.75
U.S. 3-month T-bills	7.24*	7.14

U.S BONDS

	July 22* Price	July 22* Yield	Prev Price	Prev Yield
Treasury				
8½ 1987	99 19/32	8.88	99 17/32	8.76
10⅜ 1992	100 13/32	10.293	101	10.16
11¼ 1995	104 27/32	10.44	105 21/32	10.31
11¼ 2015	105 25/32	10.595	106 23/32	10.51
Corporate				
AT & T				
10⅜ June 1990	101	10.10	101⅜	10.05
8⅝ July 1990	81	8.70	81⅝	8.50
8¾ May 2000	83¾	11.00	85	10.80
Xerox				
10⅞ March 1993	97.10	11.20	100	10.625
Diamond Shamrock				
10⅜ May 1993	96.785	11.25	98	11.00
Federated Dept Stores				
10⅞ May 2013	83¾	11.00	85	10.80
Abbot Lab				
11.80 Feb 2013	101¼	11.65	102½	11.50
Alcoa				
12¼ Dec 2012	100.75	12.15	101⅞	12.00

Source: Salomon Bros

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
Sept	75–22	76–04	75–18	76–14
U.S. Treasury Bills (IMM) $1m points of 100%				
Sept	92.71	92.80	92.66	92.82
Certificates of Deposit (IMM) $1m points of 100%				
Sept	91.95	92.07	91.94	92.12
LONDON				
Three-month Eurodollar $1m points of 100%				
Sept	91.69	91.78	91.65	91.76
20-year Notional Gilt £50,000 32nds of 100%				
Sept	112–04	112–10	112–02	112–14

COMMODITIES

(London)	July 22	Prev
Silver (spot fixing)	439.40p	436.55p
Copper (cash)	£1,076.50	£1,069.50
Coffee (Sept)	£1,591.50	£1,595.00
Oil (spot Arabian light)	$27.05	$27.05

EUROPE

Focus stays on rate movements

INVESTOR preoccupation with currency and interest rate movements resulted in thin trading on most European bourses yesterday and left most sectors largely unchanged to mixed.

The hoped-for strong performance in Frankfurt failed to materialise although the Commerzbank index showed a gain of 4.2 to 1,416.3. Equity investors were distracted by firmer bond prices and the movement of the U.S. dollar.

BMW managed the best performance in the quality car sector with its DM 8 rally to DM 417, while Deutsche Bank sparkled in mixed financials with a DM 5.50 gain to DM 585.50 and Munich Re shed DM 30 to DM 1,900.

Horten resisted the weaker tone in retailers by picking up DM 2 to DM 184, and Hochtief advanced in softer builders by closing DM 5 higher at DM 610, a new high for the year.

Degussa was the sole gainer in chemicals. It traded DM 2 higher to DM 371, while Bayer fell DM 2 to DM 220.50, Hoechst eased DM 1.90 to DM 221.40, Schering dipped 50 pfg to DM 481.50 and BASF lost 20 pfg to DM 221.

Strong demand surfaced in the public authority bond sector, buoying prices by 10 to 15 basis points. The Bundesbank sold DM 38.6m in paper against Friday's purchases of DM 20m.

The central bank also lowered the interest rate on three-day Treasury bills to 4.5 per cent from 4.8 per cent. The cut in the Treasury rate, the rate at which banks may invest excess liquidity for very short terms, is linked to last week's moves to supply more liquidity at cheaper prices to the West German money markets.

A firmer opening in **Amsterdam** was partially reversed. The ANP-CBS General index was 1 point higher at 219.2 although some sub-indices managed to hit new 1985 highs.

Bond prices were static with interest centred on only a few issues.

Zurich investors were scare as the forthcoming summer holidays diluted some of the recent enthusiasm. Banks, insurers and industrials were mixed to slightly higher.

The Friday cut in bank base rates was well received in **Paris** although the start of monthly liquidations tended to depress prices.

Madrid made modest progress in thin trading, while **Milan** advanced although sentiment was dampened by the Consob decision to raise the compulsory deposit requirement from 50 per cent to 70 per cent.

Stockholm rose across the board.

LONDON

INTEREST rate and oil price uncertainties were blamed for lower bond and share prices in London yesterday.

South African stocks and UK groups known to have South African interests came under pressure following the declared state of emergency in that country.

The FT Ordinary share index dropped 10.1 to 925.3.

A firmer U.S. dollar kept overseas investors out of the gilt-edged market. Long-dated stocks ended ⅜ lower and shorts were about ¼ easier.

Chief price changes, Page 33; Details, Page 32; Share information service, Pages 31–32

HONG KONG

PROPERTY and utility issues led prices to a near four-year high in Hong Kong on the back of last week's cut in interest rates.

An institutional buying spree sent the Hang Seng index up 10.98 to 1,689.85.

Cheung Kong added 40 cents to HK$18.50, Hongkong Wharf rose 15 cents to HK$6.70 and Hutchison Whampoa was 20 cents ahead at HK$27.60.

TOKYO

Restrained by lack of incentives

THE ABSENCE of fresh incentives drove shares moderately lower in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average fell 26 to 12,771.66. Trading was inactive at 383m shares, compared with 519m on Friday. Declines outnumbered advances by 461 to 315, with 164 issues unchanged.

Domestic demand-related stocks, notably construction and dredging issues which have led the market this month, came under profit-taking pressure, while the U.S. dollar rebounded against the yen to close at Y240.55 in Tokyo, depressing investor enthusiasm.

In featureless trading, some assets-heavy stocks, such as electric railways, properties and warehouses, attracted relatively strong buying interest.

Mitsubishi Estate, the most active with 20.69m shares changing hands, gained Y39 to Y960. Tokyu Corporation was second with 20.55m shares, rising Y20 to Y545. Nippon Express, the third busiest issue with 17.67m shares, added Y12 to Y507, and Tobu Railway, fourth with 16.40m shares rose Y7 to Y398.

Tokyu Land advanced Y8 to Y423, Keisei Electric Railway Y5 to Y465 and Tokyo Tatemono Y85 to Y1,030.

Some trading houses were sought after on investor expectations for declining long-term interest rates. Mitsui, the ninth most active stock with 7.35m shares, rose Y5 to Y442 and Marubeni Y8 to Y393.

Non-life insurers were generally firmer, with Tokio Marine and Fire jumping Y44 to Y1,020. Sumitomo Marine and Fire gained Y17 to Y780 and Yasuda Fire and Marine Y20 to Y663.

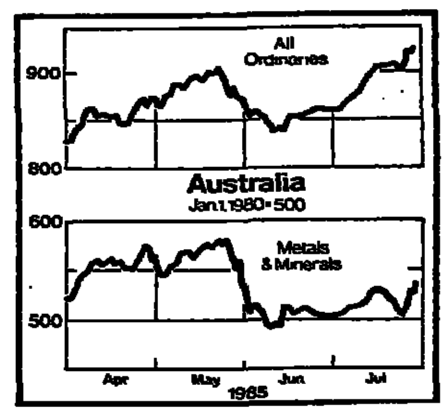
Sumitomo Heavy Industries the fifth most active stock with 15.82m shares traded, rose Y14 to Y267 against the backdrop of growing investor expectations of brisk demand for construction machinery.

Conversely, builders and other issues related to the Government's fiscal investments and loans programme lost strength almost across the board. Mitsubishi Mining and Cement fell Y4 to Y376, Tekken Construction lost Y10 to Y505, Wakachiku Construction Y21 to Y551 and Sato Kogyo Y21 to Y358.

Biotechnology-related stocks fared poorly, with Dainippon Pharmaceutical shedding Y70 to Y3,310 and Yamanouchi down Y40 to Y2,920. But Green Cross rose Y120 to Y2,270 on small-lot speculative buying.

Blue chips were generally weaker. NEC lost Y9 to Y935 and Matsushita Electric Industrial Y10 to Y1,330. But Fujitsu, which retreated to a new 1985 low of Y890 in the previous session, gained Y10 to Y990 and Sony Y30 to Y3,780.

Bond prices dropped in reponse to the dollar's firmness. The yield on 6.8 per cent government bonds maturing in December 1994, which declined to a record low of 6.270 per cent on Saturday, rose to 6.290 per cent.



AUSTRALIA

Bid activity fuels run to new peaks

A RECORD high was attained in Sydney, propelled by takeover activity, interest in mining issues, higher commodity prices and an easier local currency.

The All Ordinaries index added 6 to 926.2, 3 points above its previous July 18 record. The Metals and Minerals index rose 9.6 to 536.4.

Although turnover fell back – 52.97m against 76.5m on Friday – advances outpaced declines by five to four.

A takeover bid by Bond Corporation of A$7.10 per share sent Castlemaine Toohey 8 cents higher to A$7.60, while Bond Corporation dropped 3 cents to A$1.42. Myer shed 2 cents to A$3.10 and its suitor Coles added 10 cents to A$4. Wormald International was steady at A$3.91, 1 cent above the partial offer by Adelaide Steamship.

In golds, Central Norseman added 30 cents to A$8.30 and in other miners, CRA was 12 cents ahead at A$6.08.

BHP rose 10 cents to A$6.68 ahead of a forecast record annual profit.

The Melbourne Stock Exchange announced plans to launch by October a futures market in selected blue-chip issues. The contracts will be called Australian Futures Contracts (AFC's).

SINGAPORE

Caution tempers rapid rise

A SIXTH consecutive day of gains took Singapore's Straits Times industrial index to 769.23, more than 51 points higher than last Monday's 30-month low of 717.95, *writes Chris Sherwell in Singapore.*

But brokers and analysts cautioned strongly against interpreting the trend as the start of a long-awaited boom. They pointed to the oversold nature of the market a week ago, an expected round of poor company results, and the depressed state of the economy.

Analysts said they thought the current rally could go further, but selling pressure could be expected to begin at higher levels as people took profits or cut losses while they could. The fundamental picture remained unchanged, even if the market had come close to its base level.

Even yesterday, when volume was a comparatively healthy 20.9m shares, buying was said to be sporadic. Sentiment has been encouraged by some institutional purchases in Malaysia and statements out of Kuala Lumpur, but dampened by worries over possible weaknesses in the financial sectors of both countries in the current climate.

Stocks most hit by the recent declines were said to have shown the strongest recoveries, many of them Malaysian issues.

Among speculative stock, Cycle & Carriage, surged 16 cents to S$3.50, Hong Leong rose 12 cents to S$2.07 and among firmer banks, Malayan Banking put on 15 cents to S$5.75.

CANADA

PROFIT-TAKING after last week's record performance saw stocks trade lower in Toronto.

Northern Telecom eased C$⅛ to C$52⅝ and announced higher second-quarter profits, while Alcan dropped C$1 to C$35¼. The aluminium group reported a substantial second-quarter loss.

Banks, utilities and industrials stocks moved lower in Montreal.

SOUTH AFRICA

INVESTORS in Johannesburg reacted cautiously to the Government's decision to impose a state of emergency, and most shares ended sharply lower.

Randfontein shed 13 cents to R188 and Grootvlei fell R1.10 to R13.40.

Among mining financials, Anglo American turned R1 lower to R29.60.